Daily Report

East Europe

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FBIS-EEU-95-079 *25 April 1995*

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Democratic Alliance Leader Views U.S. Visit

AU2404102995 Tirana ALEANCA in Albanian 15 Apr 95 pp 2, 5

[Interview with Neritan Ceka, president of the Democratic Alliance Party, by Mehill Tanushi; place and date not given: "The United States, a Friendly Country, Always Close to Us"]

[FBIS Translated Excerpt] [Tanushi] Mr. Ceka, you have just returned from a visit to the United States. [passage omitted] From the meetings you had, how much do you think the people know about the situation in Albania?

[Ceka] My general impression from the meetings I had is this: First, there is adequately deep and continued U.S. interest in Albania. Second, the U.S. knowledge of Albania is accurate and concrete. Third, the U.S. reaction to information from Albania is quite realistic, and I got the impression that the United States' Albania policy, basing itself on that data, is characterized by the keen interest shown in developments in Albania and its desire for the establishment of democracy in our country.

[Tanushi] Were they familiar with the situation within the Democratic Party, and what impression did Selami's dismissal make?

[Ceka] This is closely linked with the interest in recent political developments in Albania shown at every meeting I had in the United States. I noticed that the United States' attention was particularly focused on developments following the 6 November referendum, mainly on the creation of the new equilibrium among the political forces in Albania. While Selami's expulsion from the Democratic Party leadership is precisely one of those moments that create new equilibriums, on the other hand, it is an act that is unimaginable with the U.S. idea of democracy. In general, during the talks I had in the United States, I discerned that the way Selami was dismissed and the arguments to justify his dismissal were considered no less than a real scandal. I also noticed that many U.S. institutions were keen to learn more about the views that form the basis of Selami's political moves, his wish to take part in the Albanian executive, and his initiative to create a more realistic and legitimist grouping in the Democratic Party, an intention expressed in his request that the constitution should be voted in the parliament, an idea that has found support in the United States.

[Tanushi] As you mentioned the constitution, an issue that has already sensitized the opinion of many European institutions, can you tell us how this problem was treated in the talks you had there?

[Ceka] In all the talks I had, the constitution was one of the most pressing issues in the view of U.S. policy. In all the talks, I realized that my U.S. interlocutors were well aware of developments regarding the constitution in Albania. The opposition's constructive efforts for an alternative draft constitution and its steps to find legal ways of sending it to parliament were particularly commended. What is more important, the Americans regard the constitution as a fundamental precondition for the creation of democracy in Albania. Mind you the Americans praise their own constitution so highly, describing it as the most supreme law in existence. The fact that Albania is still without a constitution seemed scandalous to them, and they had great suspicions that this was for definite political purposes. In some of the meetings the question arose whether it was Berisha's attempt to leave Albania without constitution, leaving it with such laws as favor the president's uncontrolled power.

[Tanushi] How much were the Americans really interested in the establishment of democracy in Albania?

[Ceka] I think that it was the main point of discussion in our meetings with our U.S. colleagues. They were of the opinion that instituting a Western-type democracy in Albania was an urgent need [passage illegible] in Albania. They considered the creation of democratic institutions in Albania as a prerequisite for boosting foreign investment in Albania. The creation of a constitutional legal framework to guarantee property and private initiative, and sanction human rights and freedoms, would lay the foundations on which the Albanian economy should be developed and attract foreign investors. The U.S. colleagues also hailed every effort made in the direction of creating a rule-of-law state in Albania. I found particular admiration among all my interlocutors for the efforts recently made to ensure the independence of the judicial system in Albania. Zef Brozi was acclaimed as a hero in the United States, precisely because for the American people the law stands above everything else, and justice is the greatest guarantee of U.S. democracy.

[Tanushi] Concerning the coming elections, in what light were further political developments in Albania seen?

[Ceka] In general, I told the U.S. colleagues that since 1991, Albania has made positive strides regarding both economic development, as a result of the positive effects of the new system, implementing the principles of the market economy, and in the development of democracy, thanks mainly to the initiative of the democratic institutions that are being built in Albania, viewing it as a relationship between ruling party and opposition. At these meetings, I emphasized the great role played by the opposition and the free press in particular in democratizing life in Albania, expressing my reservations about the negative aspects created in Albania by the conflicting policy pursued by the Democratic Party and Berisha's authoritarian endeavors. I was totally open with the U.S. colleagues in these discussions, and though I was expressing the viewpoints of an opposition party such as the Democratic Alliance I met with understanding on their part.

As for future developments and the preparations for the 1996 election, this was one of the main issues we

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discussed with the U.S. colleagues. In general, they were interested in these elections, and this interest is felt in the United States among circles familiar with Albanian politics. I felt that the climate of the approach to the elections was not seen with any particular apprehension. It is understandable that these elections will be a further act in the democratization of political life in Albania and yet another test for the Albanian political parties, as well as an opportunity for political rotation in Albania. In this respect, I highlighted the importance of strengthening the center parties in the sharp political struggle that is being prepared for the coming elections between the left, represented by the Socialist Party, and the right, represented by the Democratic Party.

[Tanushi] How was the possibility of the socialists coming to power viewed?

[Ceka] After the experience in Hungary, Bulgaria, and especially in Poland and Lithuania, I did not notice any sign of viewing the coming to power of the socialists or their possible victory as a restoration of communism in Albania. In the talks with the U.S. colleagues, it was taken for granted that there could not be a real return of communism in Albania, where it has no future, but the problem was how to further Europeanize both the Albanian left and right. As far as I could gather, our U.S. colleagues did not see any great difference between the former communists active today in the ranks of the Democratic Party, and the former communists active in the Socialist Party or other parties in Albania.

[Tanushi] What was interest was shown by the Americans in the Democratic Alliance Party?

[Ceka] During our talks, I found that the U.S. colleagues had very accurate information about the Democratic Alliance. They understood that our party is a new party, which has made significant strides during its two-year existence, succeeding in dominating a good part of the political center in Albania. It has introduced itself among the Albanian public as a party of dialogue, tolerance, an Atlantic-type party of European and U.S. orientation, and as an alternative that will fill in the spectrum that the Democratic Party is losing. I briefed the U.S. colleagues on the great work done by the Democratic Alliance, particularly in 1994, to become a popular party, spreading itself over the countryside areas and increasing its membership and political commitment not only among intellectuals but also among other segments of the population, introducing itself in this way as a party of the middle strata, which is also the U.S. democracy's political ideal.

[Tanushi] What were the main emphases during your discussions on the current situation in the Balkans?

[Ceka] Regarding the Balkan situation, there were three main points of interest that I discussed with my U.S. colleagues. First, Albanian-Greek relations; second, relations with Macedonia [Former Yugoslav Republic of Macedonia]; and third, last but most importantly, the Kosova problem.

[Tanushi] What was the [word indistinct] on Albanian-Greek relations?

[CEKA] In the State Department in particular and the U.S. Congress too, the latest moves in recent Albanian-Greek relations were very positively assessed. Foreign Minister Papoulias's visit to Tirana and the corresponding visit of the Albanian parliament's Foreign Affairs Commission, and later Minister Sereqi's visit to Athens, were seen as concrete steps to create a new climate in Albanian-Greek relations. The U.S. view has been and remains that it is high time to build up stable structures in Balkan relations, and that Albania and Greece are considered the most stable and positive factors for creating them. The setting up of the joint Albanian-Greek commission, which will operate on a continuing basis, is seen as a good beginning for these relations, and President Berisha's proposal for a Balkan conference, which was welcomed by the Greek side, was commended in particular. I had the pleasure of explaining to my U.S. colleagues that this proposal had been put forward by the Democratic Alliance Party two years earlier, and we were not in the least jealous when this proposal of ours was taken up by the present state and activated in a positive way.

Thus, I found among my U.S. colleagues a very constructive spirit welcoming any initiative to create Balkan structures, not only at the ordinary political level, but also at executive levels, such as the setting up of concrete commissions on transportation, energy, and tourism, in order to open the way for cooperation leading to a united Balkans as a fundamental premises for integration into a united Europe.

[Tanushi] What were the comments during your talks on the recent developments in Macedonia, particularly on preventing the opening of the Albanian-language university there?

[Ceka] I found great concern among my U.S. colleagues about recent events in Macedonia and the Macedonian state's emotional reaction to the opening of the university in Tetovo, particularly the illogical acts of razing the university building by bulldozers, as well as the use of force and the killing of one Albanian in Tetovo. U.S. policy never accepts things that border on barbarian nationalism. On the other hand, I found support for the policy pursued by the Albanian political forces themselves in Macedonia, aimed at opening the way for dialogue and intensifying their efforts to participate in the running of state affairs, as a main means of achieving political objectives. The name of Abdurrahman Halili in particular, chairman of the Democratic Prosperity Party, was quite popular in the United States. He was highly praised for moderation and wisdom in his political undertakings. The Americans are in favor of Macedonia's ability, which they view as an important factor for stability in the Balkans as a whole. They are striving to find ways of normalizing Greek-Macedonian relations, leaving aside aspects that they themselves do not

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consider of basic importance, and especially achieving greater stability in relations between ethnic Albanians and Macedonians in Macedonia, with the aim of boosting the rights of the Albanians and increasing the Albanian population's participation in running the affairs of the state in Macedonia.

[Tanushi] As you already mentioned, the Kosova problem occupied an important place in your political talks in the United States. What were the main issues discussed?

[Ceka] First of all, what impressed me most was the fact that the United States abided by President Bush's guarantees, reiterated by President Clinton, that the United States would in no way accept any ethnic cleansing in Kosova. Likewise, the Americans would never exclude Kosova from the solution of the Yugoslav question, either regarding the total lifting of the embargo or the definite solution of the current problems in former Yugoslavia, where as far as the United States is concerned, the Kosova problem is one of the basic issues. As for relations between Serbia and Albania, the Americans said these relations were conditioned by the today's crisis in Yugoslavia, under the coercive measures taken by the United Nations. On the other hand, the Americans were of the opinion that the moment Serbia accepted the conditions set by the international community, there would be no reason that relations between Albania and Serbia should not be built on the basis of mutual interests.

On the other hand, I noticed a particular interest on the part of the U.S. colleagues in the activity of Kosova's political forces, either in those represented by the Democratic League of Kosovo and President Rugova or in the other political forces taking part in Kosovo's political life. The support given to the Kosova problem by the Albanian state was closely followed by the United States. However, it should be mentioned that no firm belief was created yet that there exists a proper commitment or a normal, even minimum, coordination of efforts in this respect. The efforts made by the Albanian political forces regarding the national question, particularly in connection with Kosovo problem, have until now failed to create in the United States the conviction that there is a consensus and coordination of efforts in Albania. Naturally, the United States shows a continuing interest that human rights and freedoms should be defended in Kosova and that the people of Kosova should enjoy all political rights they deserve. On the other hand, I discerned that there is a readiness to support these forces in compliance with those political lines that have been defined by the U.S. Congress. This can be seen by the invitations made to various Kosovar figures and the contacts the latter have had in the United States, beginning with Ibrahim Rugova, Mahmut Bakalli, Shkelzen Maliqi and other Kosovar personalities. Naturally, the United States is open to the alternatives put forward today by the political forces in Kosovo.

[Tanushi] In conclusion of our interview, here is the last question. What are Ceka's impressions as a citizen from his visit to the United States?

[Ceka] The United States is a big country, in actual fact a whole continent. A man can just be amazed by the great variety of the landscape, the cities, and also by the U.S. way of living. The first and most important thing is the existence of the state. The state is felt at every moment in the United States. It is constructed in the simplest but also in the most effective way of honoring the law and institutions. In the United States the state is the object while the individual is the subject. That means that there is a dependence of the state on the individual [remainder of item illegible].

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Videnov Discusses NATO Membership, Sanctions

AU2504072895 Sofia Khorizont Radio Network in Bulgarian 0400 GMT 25 Apr 95

[FBIS Translated Excerpt] Prime Minister Zhan Videnov has completed his visit to the Council of Europe. This morning he will depart on a special aircraft to Brussels. [passage omitted]

Our West European correspondent Aleksandur Vladkov reports from Strasbourg:

[Begin recording] The Bulgarian prime minister and those accompanying him will arrive in Brussels at 0900 Bulgarian time. [passage omitted]

Yesterday in Strasbourg Zhan Videnov spoke about the main contents of the talks that he will be having in Brussels today. The deputies of the Parliamentary Assembly of the Council of Europe and the accredited journalists asked him to preview the meetings. Their interest focused on two basic topics: relations with NATO and more specifically, the issue of Bulgaria's eventual membership of NATO, and the problem with the Yugo-embargo and the Bulgarian position on the development of the crisis in former Yugoslavia.

Prime Minister Videnov carefully avoided the formula for Bulgaria's membership of NATO. In his view, the issue of Bulgaria's admission to NATO in the form that the alliance has at present is not on the agenda right now. NATO must and should change, Videnov said. We want to construct all forms of cooperation in the course of this change, including the issues of defense and security.

Asked whether the time had come to lift the sanctions imposed by the United Nations against Serbia and Montenegro, the prime minister stressed that the joint initiative of several states in the region, including Bulgaria, has been conceived as a parallel process to the efforts to resolve the conflict through peaceful means. Alleviating or lifting the sanctions, Videnov said, is possible only after the sides involved in the conflict take certain specific political steps aimed at a peaceful solution that is acceptable to all. Unfortunately, he said, precisely the opposite could be observed now. [end recording]

Pirinski on Talks With Romanian Foreign Minister

AU2404184795 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 24 Apr 95

[Report by correspondent Natasha Dimitrova, with recorded statement by Bulgarian Foreign Minister Georgi Pirinski in Ruse on 24 April]

[FBIS Translated Text] Bulgarian Foreign Minister Georgi Pirinski met Romanian Foreign Minister Teodor Melescanu today. The two ministers discussed issues of mutual interest in the context of the Central European Initiative and Black Sea cooperation.

The two foreign ministers also considered certain bilateral legal treaties that have already been prepared. They also discussed agreements in the fields of health care, agriculture, trade, and economic relations. Despite mentioning that their talks touched upon regional infrastructure problems, Minister Pirinski gave no information on his Romanian colleagues' views regarding the location of the new Danube bridge.

Upon his return to Bulgaria, Pirinski gave the following information about the further work on developing bilateral relations:

[Pirinski] We agreed to organize bilateral meetings at the level of experts between individual directorates of our two Foreign Ministries, such as the Consular Departments and the Legal and Treaty Departments. We agreed to work together to arrange meetings between ministries of our two countries, such as the Transport and Trade Ministries. As you know, a meeting between the two Ministries of Industry took place in mid-March. We also agreed to work in the same way for further contacts at a higher government level and to prepare for the multilateral meeting due to be held in Bucharest at the end of June. Since this meeting will be attended by both presidents and prime ministers, it will offer the opportunity for more important decisions to be reached.

BSP Marxist Chairman Critical of Government

AU2404131295 Sofia TRUD in Bulgarian 20 Apr 95 p 9

[Interview with Mincho Minchev, chairman of the "Marxist Platform" within the Bulgarian Socialist Party, by Todor Tokin; place and date not given: "From a Party With Many Ideologies, the BSP Is Turning Into a Party Without Ideology"]

[FBIS Translated Text] [Tokin] The Bulgarian Socialist Party [BSP] has been in power for three months already. Some people already are calling the party-government-parliamentary faction triangle the "Bermuda Triangle." What is your opinion?

[Minchev] Recently, relations in this triangle have acquired a different character. The three powers closed internally and became isolated from each other. Perhaps this is natural after the great dispute as to which side of the triangle should be its base. Great structural changes in the BSP Supreme Council are imminent and we at the "Marxist Platform" are certain that the party will become the base of the triangle. The BSP's weakness is in another place: From a party with many ideologies the BSP is turning into a party without any ideology.

[Tokin] Why? The people claim that there are two rival ideologies within the BSP—a social democratic and a communist one.

[Minchev] Such trends exist. The social democratic trend is strongly represented in the party, governmental, and legislative powers. The neocommunist trend, the expression of which is the "Marxist Platform," holds

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strong positions at the middle and lower levels of the party. It is the neocommunist ideology that represents the new elements in the party, not the social democratic one, which uses prepared prescriptions. Those two trends will not coexist forever in the BSP.

[Tokin] Do you mean there will be a split?

[Minchev] Simply that one of them will prevail. If the social democratic trend prevails, the party will be diluted and will disintegrate. If the neocommunist trend prevails, one can expect a tiny, monolithic part to split from the party. Those are the two variations that will emerge in the next four to five years, perhaps even earlier.

[Tokin] This interview is taking place shortly before the government's 100th day....

[Minchev] I would say that during this period it was not the party that moved away from the government, but the government that moved away from the party. The 100 days have no holy significance for us. In the past, we have made critical remarks concerning the government's activity, and we will have such remarks in the future also. However, we believe that by the time the national party conference convenes, things will have become clear. It is good to begin with the criticism early, at the very beginning, every time a wrong tendency is noted. For example, our attitude toward the budget is dual. We accept the fact that it has a social orientation. However, we think that the part dealing with revenue is unclear. The people must first have a breath of air before they begin to work. A leftist socialist government must first give something to the people before asking them to give something. Any other logic is essentially wrong.

[Tokin] Where would the money you want to distribute come from?

[Minchev] Right now, it is anticipated that the money would come from two very dangerous, I would say even explosive places. The first is through accelerated privatization. This is something that frightens us. This means that enterprises of national importance would be indiscriminately sold only in order to patch up the budget's holes. On the other hand, the government's firm determination to impose real taxes on the richest strata of Bulgarian society is a nice measure, but it has not been prepared thoroughly. The economic power is already merging with crime and I suppose they would do everything possible to destabilize the government.

[Tokin] Do you see a contradiction between the government's program and the BSP election platform?

[Minchev] There is no contradiction in 90 percent of it, but regarding the most important elements—there is one. The entire election platform was constructed on the principle of reviving production, something that would inevitably mean strengthening the state sector and gradually, I stress gradually, advancing toward privatization. To our surprise, this principle was changed after the elections. It is impossible to undertake privatization and stimulate production simultaneously. This has not happened anywhere in the world and only Rumen Gechev [deputy prime minister and minister of economy] thinks that those two processes could be activated simultaneously.

[Tokin] Is there a power struggle within the BSP?

[Minchev] At present there is no power struggle. However, there could be hidden ambitions. A situation in which there is a young leader, to whom anyone could compare his own scope and ability, always creates danger and aspirations. This is the psychological aspect of the issue. Second, in the last five years we have had to live through several hysterical moments, during which the BSP might disintegrate. Almost every congress was the stage for an open struggle for the assertion of a certain political line. However, there was no outspoken representative for any of the lines, and each aspiring leader had no more credentials than his own name. This is another prerequisite for generating tension around the issue of party leadership.

[Tokin] Many people see the long arms of Aleksandur Lilov and Andrey Lukanov behind much of what is happening in Bulgaria and the BSP in the last five years. Do you agree?

[Minchev] Those two persons are the personification of two models of development since 1990. Andrey Lukanov's model proved totally insolvent for a socialist party. The Bulgarian Communist Party did not disintegrate like the other communist parties, and even after changing its name, it remained a mighty formation.

Aleksandur Lilov's model developed in a much more interesting manner. He adopted the ideas of democratic socialism, but did not complete the social-democratization of the party. This is a very original positions for our conditions, which to a large extent saved the BSP during the difficult 1990-91 period. I am not sure that Lukanov could work out a new concept for the party. I think that his interests already lie elsewhere. The situation with Lilov is a bit different. He does not have the strong economic influence Lukanov has, but on the other hand, he has his own specific influence over the party policy. As a politician, Lukanov has been more strongly marked by the old system, and regardless of how strongly he declares himself against it, he is, nevertheless, its product. Since Lilov was absent from the old system between 1983-89; he could hardly be called a product of the authoritarian system.

[Tokin] Recently, Mr. Lilov said that a party that cannot form at least five cabinets within a single parliamentary mandate, is a weak party....

[Minchev] Of course. I fully agree. Our party is a serious one, and it could produce 50, not just five, cabinets. Since it was capable of selecting the current variation, which is the weakest, why not produce 49 additional cabinets, each of which will be stronger than the current one?

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[Tokin] The people already are saying that Zhan Videnov's cabinet actually is a transition cabinet, after which a real socialist government will come.

[Minchev] Could be, could be.

Commentary Criticizes Policy Toward Belgrade

AU2404122495 Sofia DEMOKRATSIYA in Bulgarian 20 Apr 95 p 3

[Commentary by Milena Boyadzhieva: "Socialist Cabinet as Ostrich"]

[FBIS Translated Text] Pirinski's Socialist Ministry [of Foreign Affairs] has twice tried to hide from the Bulgarians important documents that affect our national interests. The first is a note from Belgrade, saying that there is supposed to be a Serbian minority in Bulgaria. The other is a UN report that officially admits that the rights of Bulgarians in the Western Outlands are being violated. DEMOKRATSIYA, Radio Free Europe, and REUTER reacted quickly, and once again it has become obvious that lies have short legs. Apparently, the red pseudodiplomats were wrong in their considerations, because they based their plans on their memory of the recent past, when the mass media could not penetrate the thick information fog. It appears that the rulers will often try to apply the "Chernobyl" trick to hide and mask every awkward report. However, this is much more difficult in 1995 than in 1986.

Usually, lying for the purpose of efficiency implies an unclear conscience and secret intentions related to actions of a doubtful nature. The purpose of the first attempt to conceal information is already well known: It was to conceal Tadeusz Masowiecki's report from January on the violations of our compatriots' rights in the Western Outlands. At the beginning of April, Prime Minister Videnov announced in a speech at the Atlantic Club that the Bulgarians in "Serbia's eastern outlands" are living very well. The two facts clearly show that the Socialist government has firmly decided to turn its back on our compatriots in the Western Outlands to please Belgrade. The second unsuccessful attempt to hide a "secret" is the official position of the Ministry of Foreign Affairs, as announced yesterday, according to which Bulgaria should not react to the Yugoslav note. This position is much more alarming. The Socialist cabinet may intend to succumb again to Belgrade and admit the existence of a nonexistent Serbian minority in Bulgaria?

Party Affiliations of BSPASEK Deputies

95P20725A

[FBIS Media Note] During the parliamentary election campaign, the Bulgarian Socialist Party (BSP) daily DUMA published on 25 November 1994 a supplement with the names, party affiliations, dates of birth, and professions of the candidates for the BSPASEK (BSP, Bulgarian National Agrarian Union-Aleksandur Stamboliyski, Ekoglasnost Political Club) coalition. This coalition also included members of allied parties and individuals without party affiliation. A photograph and biographic sketch are provided for the most senior member of the coalition candidates for that district. The other candidates are listed by rank order; the number of BSPASEK candidates from each district who are elected is in proportion to the number of votes received in that district. The results of the election and the names of deputies to the 37th National Assembly were published in the official organ of the National Assembly, DURZHAVEN VESTNIK, on 30 December 1994 and subsequent addenda, but that source did not include the individual party affiliations of the deputies. The following is a list of the BSPASEK members according to their electoral district with data summarized from the DUMA supplement.

1. Blagoevgrad

Emil Strakhilov Kostadinov is married and has two children. He was trained as a construction engineer and served as a deputy in the 36th National Assembly. He speaks French, Russian, and English.

Georgi Vladimirov Yurukov, a lawyer who was born in 1955, is a member of the BSP.

Dragomir Georgiev Shopov, a journalist who was born in 1938, is a member of the Bulgarian National Agrarian Union-Aleksandur Stamboliyski (BZNS-AS).

Dimitur Petrov Dimitrov, a surgeon who was born in 1936, is a member of the BSP.

Vladimir Georgiev Kotsakov, an engineer who was born in 1945, is a member of the BSP.

Elena Dimitrova Yaneva, a pediatrician who was born in 1954, is a member of the BSP.

2. Burgas

Georgi Sedefchov Purvanov was born in 1957 in Sirishtnik in the Pernik district. He is married and has two children. Purvanov is a deputy chairman of the Supreme Council (VS) of the BSP and director of the Center for Historical and Political Research of the BSP. He is the author of two monographs on the nationality question and on Bulgarian social democracy. After the election, he chose to serve in the 9th electoral district, Kurdzhali, where he also headed the BSPASEK list.

Chavdar Yordanov Kyuranov, a sociologist who was born in 1921, is a member of the BSP.

Radostin Ivanov Dimitrov, a construction engineer who was born in 1953, is a member of the BSP.

Lyubomir Todorov Nachev, a lawyer and criminologist who was born in 1954, is a member of the BSP.

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Yanka Atanasova Kyurkchieva was born in 1956 and has a degree in higher education. She is a member of the BSP.

Orlin Rizov Rizov, an economist who was born in 1950, is a member of the BZNS-AS. He replaced Purvanov as representative for Burgas.

Kol'o Velkov Kolev replaced Nachev, who was appointed minister of internal affairs. He is an economist who was born in 1943 and is not a member of any political party.

Todor Raychev Popov replaced Dimitrov, who was appointed governor of Burgas Oblast (district). He was born in 1940. Popov is a doctor and a member of the BSP.

3. Varna

Krasimir Andreev Premyanov was born in Burgas in 1955. He is married and has two daughters. Premyanov studied law and political science. He is a deputy chairman of the VS of the BSP and served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks Russian and English.

Petur Vladimirov Dimitrov, an economist who was born in 1949, is a member of the BSP.

Dobromir Martinov Zadgorski, a journalist who was born in 1955, is a member of the OKZNI (Nationwide Committee for Defense of National Interests).

Stoyko Zhekov Penchev, an economist who was born in 1942, is a member of the BSP.

Meglena Ivanova Plugchieva-Aleksandrova, an engineer who was born in 1956, is a member of the BSP.

4. Veliko Turnov

Doncho Donchev Konakchiev was born in 1943. He is married and has two children. He studied mathematics and economics. He is a deputy chairman of the VS of the BSP and served as a deputy in the 36th National Assembly.

Georgi Nikolov Nikolov, an economist who was born in 1945, is a member of the BSP.

Blagovest Khristov Sendov, a mathematician who was born in 1932, is not a member of any political party.

Boyko Stefanov Velikov, a philologist who was born in 1954, is a member of the BSP.

Plamen Dimitrov Denchev, an electrical engineer who was born in 1950, is a member of the BSP.

Rumyana Mikolova Shubekova replaced Konakchiev who was appointed deputy prime minister. She is a lawyer who was born in 1952 and is a member of the BSP.

5. Vidin

Nikola Petrov Koychev was born in Belogradchik in 1944. He is married and has two children. He studied technology and machine building. Koychev is a member of the IB (Executive Bureau) of the VS of the BSP and served as a deputy in the 36th National Assembly.

Mimi Mikova Vitkova-Petkova, a cardiologist who was born in 1950, is a member of the BSP.

Dobromir Filipov Todorov, an engineer who was born in 1953, is a member of the BSP.

Emiliya Todorova Tomova replaced Vitkova who was appointed minister of health care. She is a teacher who was born in 1952 and is a member of the BSP.

6. Vratsa

Filip Georgiev Bokov was born in Sofia in 1948. He has two children. Bokov specialized in international relations. He is a member of the VS of the BSP and served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks Russian, Swedish, and English.

Milko Kostadinov Torbov, an economist who was born in 1946, is a member of the BSP.

Boris Todorov Kolev, a geographer who was born in 1946, is a member of the Ekoglasnost Political Club.

Dimitur Georgiev Dimitrov, a lawyer who was born in 1938, is not a member of any political party.

Boris Tsetkov Bankov, a surgeon who was born in 1943, is a member of the BSP.

Khristo Borisov Bonov, an economist who was born in 1929, is a member of the BSP.

7. Gabrovo

Elena Borislavova Poptodorova-Petrova was born in Sofia in 1951. She is married and has a child. Poptodorova studied English and Italian philology. She also speaks French and Russian. She worked as a chief specialist at the Ministry of Foreign Affairs and served as a deputy in the Grand National Assembly and in the 36th National Assembly.

Mariya Zakharieva Stoyanova, a lawyer who was born in 1959, is not a member of any political party.

8. Dobrich

Todor Yordanov Todorov was born in 1948 in Malina in the General Toshev district. He is married and has three children. He studied economics, specializing in agricultural issues. He is a docent at the Higher Institute for the National Economy.

Lyubomir Panayotov Kolarov, a journalist who was born in 1943, is a member of the BSP.

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Zhecho Yordanov Popov, an economist who was born in 1947, is a member of the BSP.

Gincho Marinov Pavlov, an historian who was born in 1957, is a member of OKZNI.

Stanimir Kalchev Kalchevski was born in 1949 and studied technology. He is a member of the BSP.

9. Kurdzhali

Georgi Purvanov heads the list. For biography, see Burgas.

Kalin Nikolov Dimitrov, an economist and jurist who was born in 1947, is a member of the BSP.

10. Kyustendil

Ivo Purvanov Atanasov was born in Kyustendil in 1953. He is married and has a son who is a student. Atanasov studied economics and served as a deputy in the 36th National Assembly. He speaks English and Russian.

Valeri Pavlov Sturshelov was born in 1957 and is a member of the BSP.

Spas Dimitrov Stankev is an engineer. DUMA does not provide any further details.

11. Lovech

Nora Krachunova Ananieva was born in Lovech in 1938. She is married and has a daughter. A lawyer and a professor, she is a member of the IB of the VS of the BSP. She was a deputy in the Grand National Assembly and in the 36th National Assembly. She speaks German, English, and Russian.

Yordan Atanasov Roynev, a medical worker who was born in 1944, is a member of the BSP.

Ivan Penev Bratulev, an engineer who was born in 1957, is a member of the BSP.

12. Montana

Vladimir Vladimirov Topencharov was born in Sofia in 1933. He is the author of 17 mathematics textbooks and is a member of the IB of the VS of the BSP. He speaks English, French, Russian, and German. He likes to play chess and bridge.

Emil Veselov Filipov, an engineer who was born in 1939, is a member of the BSP.

Todor Ivanov Zhivkov, a folklorist who was born in 1938, is a member of the BSP.

Rusi Ivanov Statkov, an economist who was born in 1956, is a member of the BSP.

Ivan Yosifov Ivanov, an engineer who was born in 1940, is a member of the BSP.

13. Pazardzhik

Ivan Georgiev Genov was born in Samokov in 1952. He is married and has a child. He is a candidate in economics and has worked in the Ministry of Foreign Affairs. Genov served as a deputy in the Grand National Assembly and in the 36th National Assembly. He is a member of the VS of the BSP. He speaks Russian and English.

Svetoslav Stoyanov Shivarov, a lawyer who was born in 1944, is a member of the BZNS-AS.

Petur Georgiev Bashikarov, an engineer-economist who was born in 1939, is a member of the BSP.

Spas Atanasov Muletarov, a lawyer who was born in 1931, is a member of the BSP.

Ilko Savov Savov, a philosopher who was born in 1963, is a member of the BSP.

Zavarin Spasov Marov replaced Shivarov, who was appointed deputy prime minister. He is a teacher who was born in 1944 and is a member of the BSP.

14. Pernik

Stefan Iliev Stoilov was born in Burgas in 1928. He is married and has a daughter. He is a specialist in macroeconomics and privatization. Stoilov served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks French and Russian.

Dimitur Stanimirov Doychinov, an economist who was born in 1950, is a member of the BSP.

Rusalin Simeonov Arnaudov, a surgeon who was born in 1941, is a member of the BSP.

15. Pleven

Andrey Karlov Lukanov was born in Moscow in 1938. He is married and has two children. He studied international relations and served as prime minister in 1990. He was a deputy in the Grand National Assembly and in the 36th National Assembly. Lukanov speaks English, Russian, French, and Spanish.

Rumen Vasilev Gechev, an economist who was born in 1956, is a member of the BSP.

Todor Yordanov Pandov, an agronomist who was born in 1933, is a member of the BSP.

Lyuben Yordanov Petrov, a military officer, was born in 1938. DUMA does not provide any further details.

Tosho Ivanov Mukhtanov studied advanced technology. He was born in 1944 and is a member of the BSP.

Mariana Simeonova Khristova replaced Gechev, who was appointed deputy prime minister. She is a lawyer who was born in 1949 and is a member of the BSP.

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16. Plovdiv City

Rosen Khubenov Stoilov was born in 1959. He is married and has a daughter and a son. He is the author of many of the most important sections of the new constitution. He is a member of the VS of the BSP. Stoilov served as a deputy in the Grand National Assembly and in the 36th National Assembly.

Khristo Ivanov Khristov, a journalist who was born in 1949, is a member of the BSP.

Boris Yanev Stoyanov, a philologist who was born in 1952, is a member of the BSP.

Georgi Atanasov Totkov replaced Khristov. A computer programmer, Totkov was born in 1950 and is a member of the BSP.

17. Plovdiv Okrug

Stoycho Mikhaylov Shapatov was born in Purvomay in 1950. He is married. He studied Bulgarian philology. Shapatov is a member of the VS of the BSP. He served as a deputy in the Grand National Assembly and in the 36th National Assembly.

Donka Stefanova Doncheva, a philologist who was born in 1955, is a member of the BSP.

Angel Georgiev Dimova, an economist who was born in 1940, is a member of the BSP.

Elisaveta Peetrova Milenova, an economist who was born in 1952, is a member of the KhZhD (Christian Women's Movement).

18. Razgrad

Georgi Todorov Bozhinov was born in Byala Slatina in 1939. He is married. He is an engineer and has worked s chief assistant at the Engineering Training and Psychology Department at the Higher Chemical Engineering Institute in Sofia. Bozhinov is a member of the VS of the BSP. He served as a deputy in the 36th National Assembly.

Mincho Boev Koralski is a lawyer who was born in 1951. DUMA does not provide any further details.

Petko Todorov Ganev replaced Koralski who was appointed minister of labor and social affairs. He is an agronomist who was born in 1948. Ganev is a member of the BSP.

19. Ruse

Anzhel Raymond Vagenshtayn was born in 1922. He is married and has two children. An antifascist, he was sentenced to death. Vagenshtayn is a film director and the author of more than 40 dramatic works and documentary films. He is a member of the IB of the VS of the BSP. He served as a deputy in the Grand National Assembly.

Svetoslav Kolev Michev, a philologist who was born in 1955, is a member of the BSP.

Georgi Stefanov Popov, a mechanical engineer who was born in 1937, is a member of the BSP.

Ivan Kostadinov Ivanov, an electrical engineer who was born in 1953, is a member of the BSP.

Stefka Stefanova Naumova, a lawyer who was born in 1949, is a member of the Ekoglasnost Political Club.

20. Silistra

Lyubomir Panayotov Kolarov was born in Burgas in 1943. He is married and has three children. He has worked as a journalist for Bulgarian National Television and as chief editor of NOVINI. Kolarov is a member of the IB of the VS of the BSP.

Ana Georgieva Milenkova, a lawyer who was born in 1951, is not a member of any political party.

Vasil Todorov Kalinov, an engineer and political scientist who was born in 1956, is a member of the BSP.

Georgi Dimitrov [illegible]giev replaced Kolarov who chose to represent the 8[illegible]ectoral district, Dobrich. He was born in 1961. Georgiev is an engineer and economist and a member of the BSP.

21. Sliven

Zlatimir Stoyanov Orsov was born in Kermen in 1962. He is married and has two sons. A lawyer and chief assistant at Sv. Kliment Okhridski University in Sofia, Orsov is a member of the VS of the BSP. He served as a deputy in the 36th National Assembly. He speaks Russian and French.

Iliya Aleksandrov Mavrudiev, a cardiologist who was born in 1938, is a member of the BSP.

Evgeniy Zakhariev Kirilov, an engineer and international relations expert who was born in 1945, is a member of the BSP.

Georgi Avramov Dimov who was born in 1953 is a member of the Ekoglasnost Political Club.

22. Smolyan

Stefan Ivanov Prodev was born in Sofia in 1927. He is married and has a son and two grandchildren. He is the chief editor of DUMA. Prodev served as a deputy in the Grand National Assembly and in the 36th National Assembly.

Petko Stoyanov Pekhlivanov, an engineer who was born in 1936, is a member of the BSP.

Lilyan Yosifov Sirakov is a lawyer who was born in 1951. DUMA does not provide any further details.

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23. Sofia 1

Aleksandur Ivanov Marinov was born in 1957. He is a descendant of the famous fighter for national liberation in Macedonia, Rizovski. A sociologist, Marinov is chairman of the Sofia city council of the BSP. He served as a deputy in the 36th National Assembly. He speaks English and French.

Velko Vulkanov Ivanov is a lawyer who was born in 1927. He is a member of BAS (expansion unknown)

Ivan Aleksiev Gaytandzhiev, an international relations expert who was born in 1945, is a member of the BSP.

Stefan Veselinov Gaytandzhiev, a philosopher who was born in 1947, is a member of the Ekoglasnost Political Club.

24. Sofia 2

Zhan Vasilev Videnov was born in Plovdiv in 1959. He is married and has a child. He is a champion in the sport of fencing. He studied foreign trade. Videnov is the chairman of the IB of the VS of the BSP. He served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks Russian, English and Arabic.

Yordan Kirilov Shkolagerski, a lawyer who was born in 1935, is a member of the BSP.

Georgi Georgiev Pirinski, a foreign trade expert who was born in 1948, is a member of the BSP.

Chavdar Atanasov Dobrev replaced Videnov who was elected prime minister. An art critic who was born in 1933, he is a member of the BSP.

Sashka Georgieva Karakasheva replaced Piriniski, who became minister of foreign affairs. A member of the BSP, she was born in 1951 and is a mathematician.

25. Sofia 3

Nikolay Georgiev Kamov was born in Sofia in 1956. He is married and has a child. Kamov studied law, specializing in international relations. He is a member of the IB of the VS of the BSP and party spokesman. Kamov served as a deputy in the 36th National Assembly. He speaks Russian and English.

Stanka Yanakieva Velichkova, a philosopher who was born in 1943, is a member of the BSP.

Petur Stefanov Georgiev, a mechanic who was born in 1943, is a member of the BSP.

Ivaylo Georgiev Kalfin, an economist who was born in 1964, is a member of the BSP.

Doncho Svobodanov Atanasov was born in 1958 and is a member of the BSP.

26. Sofia Okrug

Nikolay Kirilov Dobrev was born in 1947. He is married and has a son and a daughter. An engineer and a geophysicist, he is a member of the IB of the VS of the BSP. Dobrev served as a deputy in the 36th National Assembly.

Aleksandur Ivanov Gerchev, a doctor who was born in 1964, is a member of the BSP.

Lyubcho Pavlov Kharalampiev, an agronomist who was born in 1938, is a member of the BSP.

Natasha Kirilova Tacheva, a lawyer who was born in 1952, is a member of the BSP.

Nina Lazarova Mikhaylova, a teacher who was born in 1942, is a member of the BSP.

27. Stara Zagora

Aleksandur Vasilev Lilov was born in 1933. He is married and has two children. A philosopher, he is a corresponding member of the Bulgarian Academy of Sciences. Lilov is the director of the BSP's Center for Strategic Research and a member of the VS of the BSP. He served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks English and Russian.

Dimitur Nikolov Dimitrov, a construction engineer who was born in 1951, is a member of the BSP.

Rosen Dinev Mikhaylov, an economist who was born in 1955, is a member of the BZNS AS.

Ivan Dimov Zunzov, a surgeon who was born in 1933, is a member of the BSP.

Georgi Ivanov Zakhariev, an economist who was born in 1936, is a member of the BSP.

28. Turgovishte

Yuriy Mitkov Borisov was born in 1956. He has two daughters. A philosopher, he wrote his dissertation on the psychology of the subconscious. Borisov is a member of the IB of the VS of the BSP. He served as a deputy in the Grand National Assembly and in the 36th National Assembly. He speaks French and Russian.

Boncho Draganov Rashkov, a mechanical engineer who was born in 1946, is a member of the BSP.

Valentina Krumova Georgieva, a lawyer who was born in 1948, is a member of the BSP.

29. Khaskovo

Klara Vulova Marinova was born in 1949 and has a son. She worked as a television journalist. A member of the IB of the VS of the BSP and a spokeswoman for the BSP, Marinova served as a deputy in the Grand National Assembly and in the 36th National Assembly.

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Angel Petrov Naydenov was born in 1958 and studied higher technology. He is a member of the BSP.

Ivan Asenov Atanasov, an economist who was born in 1958, is a member of the BDM (Bulgarian Democratic Youth).

Dimitur Velev Dimitrov, a lawyer who was born in 1947, is a member of the BSP.

Kosta Todorov Andreev, a journalist who was born in 1930, is a member of the BSP.

Chervenko Krumov Lazov replaced Naydenov, who was appointed governor of the Khaskovo Oblast (district). He is a journalist who was born in 1955 and is a member of the BSP.

30. Shumen

Atanas Atanasov Paparizov was born in Sofia in 1951. He is married. he studied international relations and served as minister for foreign economic relations. A member of the VS of the BSP, Paparizov served as a deputy in the 36th National Assembly. He speaks English, French, Spanish, Russian, and Swedish.

Petur Petrov Slabakov, an author who was born in 1923, is a member of the Ekoglasnost Political Club.

Mariela Nikolaeva Miteva, a lawyer who was born in 1963, is not a member of any political party.

31. Yambol

Ana Ivanova Karaivanova-Davidova was born in Elkhovo in 1949. She is married and has a child. Trained as a lawyer, she worked as a prosecutor in Sofia and other cities. She served as a deputy in the 36th National Assembly and chaired the Commission on Corruption.

Boyan Borisov Kirov, a physicist who was born in 1951, is a member of the BSP.

Kiril Stoyanov Zhelev, a sociologist who was born in 1949, is a member of the BSP.

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Parliament Adopts Law on Intelligence Control

AU2404181795 Prague LIDOVE NOVINY in Czech 22 Apr 95 p 3

[Article by "has": "Military Defense Intelligence Will Be Controlled by the Chamber of Deputies"]

[FBIS Translated Text] Prague—Instead of the Defense Ministry and thereby the government, the control of Military Defense Intelligence (VOZ) will be exercised by the Chamber of Deputies, which is going to establish a special control body for this purpose. This is set in the new amendment to the law on VOZ adopted by the parliament deputies.

The controlling body is to have seven members—similar to the already existing parliamentary commission for the control of the Security Information Service. On request, the VOZ director is to submit to the controlling body a report on the work, the use of intelligence tools in closed cases, and summary information on the number and orientation of VOZ operations. Nevertheless, the parliamentary supervision of VOZ will be definitely defined only by the law on the control of secret services, which does not yet exist.

Military Defense Intelligence agents will be more limited in the use of cover documents than they have been so far. They cannot use an identity document of the president of the Republic, a parliament deputy or senator, a member of the government, a member of the Supreme Control Office, the Czech National Bank governor, an office identity decument of a state attorney or judge, a diplomatic passport, or documents of living people. The Security Information Service is similarly limited in the sphere of cover.

Talks With SR Fail To Solve Customs Problems

AU2404151395 Prague MLADA FRONTA DNES in Czech 21 Apr 95 p 15

[Article by "(rol)": "The Ministers' Talks Have Not Resolved the Problems in the Customs Union Between the Czech and Slovak Republics"]

[FBIS Translated Text] Brno—The Czech Government's objections to the Slovak anti-import restrictions continue even after yesterday's Czech-Slovak talks between Ministers Vladimir Dlouhy and Jan Ducky. According to Minister Dlouhy, however, the two countries continue to have a major interest in the Customs Union's existence.

The ministers did not agree, for example, on the mutual recognition of import certificates. So a solution to this problem will have to wait until the talks between the two prime ministers. They also did not manage to resolve the issue of granting licenses for the export of so-called sensitive items—for example, raw lumber, hides, and scrap iron—from the Slovak Republic [SR] to the Czech Republic.

According to Slovak Economy Minister Jan Ducky, it is unjustifiable that these raw materials are, for example, being exported across the Czech Republic to other countries and Slovakia then has to purchase the finished products expensively. However, Minister Dlouhy rejects restricting these exports by fixing volume quotas. A newly appointed working group should submit a proposal to resolve the situation by mid-May.

According to Dlouhy, the Czech side is, on the other hand, willing to accept the Slovak import surcharge if its existence is defined clearly in time. "Today, the decline in demand in Slovakia is not the fundamental limiting factor in our exports, but individual restrictive measures could be," said Vladimir Dlouhy.

The ministers also adopted two possible options for resolving the former Czechoslovakia's debt to the then GDR, which they want to submit to the German Government. In Dlouhy's opinion, it would be possible to write off the debt, for example, from the proceeds for conveying natural gas to Germany. Jan Ducky also admitted that Czech companies may participate in the accelerated completion of the first two blocks of the Mochovce nuclear power plant with the financial assistance of Czech banks.

Party Head Expects CSSD To Form Next Government

AU2504090095 Prague MLADA FRONTA DNES in Czech 22 Apr 95 p 2

[FBIS Translated Text] At the opening of the 27th Congress of the Czech Social Democratic Party [CSSD] in Bohumin yesterday, CSSD Chairman Milos Zeman spoke with certainty that the social democrats will be successful in the parliamentary elections and will sit in the future government.

Milos Zeman based his conviction that the Czech Social Democratic Party could win the next parliamentary elections, above all, on public opinion surveys, which testify to the growth of support for social democracy. At the same time, he expects a decline in support for the strongest Civic Democratic Party [ODS]. "I believe there will be a future social democratic government. We will enter it as a proud self-asserted party," Zeman declared.

In the time since the 1992 elections, the social democrats have gained more new supporters than any other political party. While it gained 6.5 percent of the vote in the parliamentary elections three years ago, current polls suggest voter support of as much as 21 percent of the vote for the CSSD. A large part of party supporters, however, are those who are not certain that they will take part in the elections. "Although their dissatisfaction with the current situation is gradually increasing, paradoxically they want to punish the government by not voting," Zeman said.

He also appealed to all party members to try to get at least one person to join the party before the next elections. Zeman considers the party membership, which is currently more than 11,000, too small.

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The chairman of the social democrats reiterated yesterday that the ODS, which, according to current polls, has only 8 percent more support, will be their greatest opponent before the elections.

"The progressive polarization of society resulting from the fact that a true middle class is not emerging will eventually weaken voter support for the ODS and shatter the illusions of some of their supporters, the chairman said. Assessing two other government parties—the Civic Democratic Alliance and the Christian Democratic Union-Czechoslovak People's Party—however, Zeman found several points that link them to the social democrats. Nevertheless, he refused to consider any party a future coalition partner.

Among the opposition parties, Zeman described as possible allies particularly the Greens Party and the Movement of Retired People for Social Security. He did not rule out the possibility that the top trade union leaders would appear on the CSSD slate. Richard Falbr, chairman of the Bohemian and Moravian Confederation of Trade Unions, unexpectedly appeared at the congress, and President Vaclav Havel sent a letter of greetings to the social democrats.

Today, the more than 400 congress delegates will be voting for a new chairman and deputy chairmen, and tomorrow a decision will be made regarding the party election program.

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Experts Continue Assessment of Seized Uranium

LD2404123195 Prague Radiozurnal Radio Network in Czech 1000 GMT 24 Apr 95

[FBIS Translated Text] The radioactive material seized in Slovakia on 19 April has been identified by experts as uranium-238. Bratislava police member Ivan Simovcek said that experts were now going to specify the exact richness of the material and assess whether it could be used to make a nuclear bomb. He went on to confirm that the weight of the material was 17.5 kilograms.

The police caught an international gang that attempted to smuggle the container of highly radioactive material from Ukraine to Hungary via Slovakia. Nine people—citizens of Slovakia, Ukraine, and Hungary—were charged. They testified that they had intended to sell the uranium for about $200,000. However, the final destination of the material is still not known.

Foreign Ministry Summons Hungarian Ambassador

AU2404165695 Bratislava SMENA in Slovak 21 Apr 95 p 2

[Report by TASR: "The Roznava Affair Has Gone International"]

[FBIS Translated Text] Bratislava—Jeno Boros, ambassador of the Hungarian Republic to Bratislava, was summoned to the Slovak Foreign Ministry [MZV SR] yesterday. The MZV SR conveyed to him its surprise at the unusual course of action pursued by the Hungarian Foreign Ministry in connection with the All-District Methodical [metodicky] Day of Hungarian-Language Teaching Staff in Kindergartens and Elementary Schools in Roznava, following which a representative of the Slovak Embassy in Hungary was summoned to the Hungarian Foreign Ministry. The MZV SR pointed out that an official statement on this matter has been issued by the Ministry of Education and Science in harmony with the appropriate Slovak legal regulations. Its course of action was in accordance with our legal norms and does not infringe upon the legal rights of our ethnic minorities and by no means infringes upon the Constitution. The aforementioned course of action of the Hungarian Foreign Ministry, especially the statement made by its state secretary, I. Szent- Ivanyi, in the Hungarian Parliament on 10 April, can only, in this context, be described as a statement bordering on interference in the internal affairs of the Slovak Republic. The Hungarian ambassador was assured that, like the Hungarian Republic, the Slovak side is interested in creating a favorable atmosphere for the ratification of the interstate treaty between the Slovak and Hungarian Republics.

SDL Opposes Hungarian Autonomy in Slovakia

LD2404152895 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 24 Apr 95

[FBIS Translated Excerpt] Peter Weiss, chairman of the Party of the Democratic Left [SDL], was interviewed by correspondent Bernard Hornak:

[Begin recording] [Passage omitted] [Hornak] A protest rally by teachers and parents of children attending Hungarian schools in Slovakia took place in Komarno on Saturday. What do you think about a resolution adopted at the protest rally calling for a cultural council, a national body to represent the ethnic Hungarian community in Slovakia—a kind of parliament to decide the distribution of the money earmarked for the minority?

[Weiss] [Passage omitted] I do not think that in the nationally mixed regions this is the right way to tackle problems in education, culture, and problems concerning the work of various institutions. The SDL will not support anything that could merely hint at a trend toward doubting the territorial integrity of the Slovak Republic, anything that could merely hint at reviving the ideas of bringing about territorial autonomy. [end recording]

Hungary Treaty Claimed To Cost Meciar Support

95CH0215C Prague PRAGUE POST in English 4 Apr 95 p 4

[Article by Timea Spitkova: "Treaty Costs Meciar Some Friends"]

[FBIS Transcribed Text] Bratislava—The treaty between Hungary and Slovakia, approved in mid-March, won Prime Minister Vladimir Meciar much praise in the West, but it also alienated the leader's closest political allies.

"The agreement is unacceptable to us," said Anna Malikova, a deputy from the Slovak National Party (SNS). "It allows the Hungarians to make claims for regional autonomy."

According to Malikova, the treaty will bring instability rather than stability. She said the bilateral pact will not be supported by the SNS when it is brought to the Slovak parliament for approval.

The treaty was approved by Meciar and Hungarian Prime Minister Gyula Horn in the Slovak capital March 17. It was later signed at the Organization for Security and Cooperation in Europe stability conference in Paris.

The treaty was seen as a necessary step for the two countries en route to membership in Western economic and security organizations, and it was highly praised by representatives of Western European countries.

"I am convinced that it adds in a strong way to stability on our continent," said French Premier Edouard Balladur. "The agreement is a marked step toward drawing

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these two countries closer into the structures of Western Europe and the (European Union)."

However, varying interpretations of the agreement have already sparked debate among Hungarians and Slovaks, especially over the thorny issue of minority rights for the more than 600,000 ethnic Hungarians in Slovakia.

As early as a day prior to the signing of the agreement, Slovak Minister of Foreign Affairs Juraj Schenk had forwarded a letter to the Hungarian delegation outlining the dismay of the Slovak government at the Hungarian interpretation of the text.

"Most importantly, (the government) disapproves of the interpretation by the Hungarian side, according to which the Slovak side had accepted...the creation of autonomous minority regions," read the letter.

According to Schenk's statement, the agreement supports the individual rights of the Hungarians living in Slovakia, but the granting of collective rights is not in the interest of the state.

"The Slovak Republic fulfills all its international duties in the field of human rights, but, because of principle and for practical reasons, it cannot accept the request for autonomy advanced by ethnic Hungarians in Slovakia," Meciar said in Paris March 20.

Political parties that are traditional opponents of Meciar's government have defended the treaty, but they are taking a wait-and-see approach to its practical significance.

"Our party probably will support the agreement in parliament," said Edit Bauer, a deputy for the Hungarian Coalition, "but the success of every agreement depends on how much it is respected."

Although the ruling coalition has been clearly taken by the dispute, rumors of an impending collapse of the government led by Meciar, who heads the Movement for a Democratic Slovakia (HZDS), have been denied by the Slovak National Party.

"This," said Malikova, "will not mean that we will step out of the ruling coalition."

Matejka Suspects 'Terrorist Attack' Political

AU2404162695

[FBIS Editorial Report] Slovak newspapers of 21 April publish reactions to the recent blowing up of a passenger car used by Movement for a Democratic Slovakia (HZDS) Deputy Chairman Arpad Matejka, which qualify the incident as a "terrorist attack" and suggest that its motives were political.

Bratislava SMENA in Slovak on 21 April on page 4 carries a 150-word TASR report on a statement issued by the Political Board of HZDS Trnava district organization "on the terrorist attack on National Council of the Slovak Republic (NRSR) deputy and HZDS Deputy Chairman Arpad Matejka." The statement voices "protest against intimidation and threat to democracy by means of introduction of terrorist elements into political life in Slovakia" and appeals to "all citizens of Slovakia regardless of political affiliation not to permit the tackling of political issues by such methods."

On the same day, on page 3, Bratislava SLOVENSKA REPUBLIKA in Slovak carries a 700-word interview with Arpad Matejka by Miroslav Sasky entitled "Bomb as a Warning?" In the interview, the place and date of which are not given, Matejka discusses possible motives of the explosion.

Matejka first confirms that the explosion had not been preceded by any threats and rules out economic motives for the attack. As he explains, neither he nor his wife is engaged in any business activities. Asked about possible motives for the explosion, he then says: "In the same way I ruled out economic pressure, I rule out any envy or expression of hostility. Such things tend to be vented through insults and invectives, but definitely not through such carefully thought-out and professionally executed deeds. Everything suggests that it was an attempt at political intimidation. Apparently, there is an endeavor to intimidate, through myself, the entire HZDS club of deputies before the next meeting of parliament, at which questions of such gravity are to be discussed that the meeting will be closed to the public. But it is also possible that this matter is related to my election to the post of HZDS deputy chairman."

Asked whether the assailant could come from HZDS ranks, Matejka says: "Indeed, I do not rule this out either. I have a certain influence over districts in the HZDS and, in some cases, I have become an insurmountable barrier to the fulfillment of personal ambitions of some people in our movement. However, I would be extremely surprised if these people resorted to such actions. But nothing in politics can be ruled out, and nothing in politics happens by chance. It is therefore necessary to consider each alternative."

In concluding, Matejka expresses his determination to stay in active politics and "not to let up" in his parliamentary activities. He also mentions that he, his family, and his house "have received police protection."

Law Setting Up Construction Ministry Takes Effect

AU2504111295 Bratislava PRAVDA in Slovak 22 Apr 95 p 2

[TASR report: "New Names Valid"]

[FBIS Translated Excerpt] Bratislava—With their publication in the Legal Gazette, National Council of the Slovak Republic [NRSR] laws amending Law No. 46 of 1993 "On the Slovak Information Service" and Law No. 347 of 1990 "On the Organization of Ministries and Other Central Bodies of State Administration" have gone into force. [passage omitted] Under the amendment

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to the latter, which is also known as the so-called jurisdiction law, the Ministry of Transportation, Communications, and Public Works is changing its name to Ministry of Transportation, Post, and Telecommunications [Ministerstvo Dopravy, Post a Telekomunikacii], and the Ministry of Education and Science will now carry the name Ministry of Education [Ministerstvo Skolstva]. The Ministry of Construction and Public Works [Ministerstvo Vystavby a Verejnych Prac] is being newly constituted under the amended law. Now that the amendment has gone into force, the Slovak Government Office becomes a new central body of state administration. The newly set up Office for the Strategy of Social, Scientific, and Technical Development [Urad pre Strategiu Rozvoja Spolocnosti, Vedy a Techniky] also joins the list of central bodies of state administration. Under the law, Banska Bystrica becomes the seat of the Office for Industrial Patents.

Government Economic Policy Memorandum

AU2404121095 Bratislava HOSPODARSKE NOVINY in Slovak 19 Apr 95 pp 4-5

["Memorandum on the Economic Policy of the Slovak Republic" approved by the Slovak Government on 11 April]

[FBIS Translated Text] At its meeting on 11 April, the Government of the Slovak Republic approved the Memorandum on the Economic Policy of the Slovak Republic and addressed it, along with an accompanying letter, to IMF Director General Michel Camdessus. The letter states, among other things, that the 1994 economic program was successfully fulfilled and that the attained results even surpassed expectations. Output went up 5 percent, inflation was cut by one-half to 12 percent, a considerable surplus was achieved on the external current account, and foreign currency reserves grew fourfold. Fiscal policy was implemented correctly and all criteria of the agreement [with the IMF] were observed with a comfortable margin. These results reflect the progress in economic transformation achieved during the last few years. The aim of the 1995 economic program, which represents the contents of the Memorandum being submitted, is to even reinforce trust in the economy of the Slovak Republic by consolidating the achievements of stabilization, maintaining a high rate of economic growth, and accelerating structural reforms. In view of its improved balance of payments position, the Slovak Republic does not want to draw another credit under the present standby agreement.

Even prior to the assessment of its program by the IMF Executive Board, the Government of the Slovak Republic intends to secure the implementation of the following political measures:

1. Passage of a legal amendment in parliament, permitting the full deductibility from the tax base of the banks' provisions [opravne polozky] for losses caused by irrecoverable claims.

2. Publication of a final list of companies earmarked for privatization. This list will be in harmony with the aims of the privatization program and will specify the proportion of shares set aside for coupon privatization and other methods.

In concluding, the Government of the Slovak Republic voices the assurance that it will continue to consult on its steps with the IMF in detail, in keeping with the IMF policy on consultations. In view of the improved economic prospects since the agreement on the standby credit started being implemented and the lapse of time since the first evaluation of the implementation of the agreement, the government also asks for the agreement's modification. In lieu of two evaluations at present, it proposes that another evaluation of the implementation of the agreement be wound up in mid-December 1995 and should focus on fiscal policy (including plans for 1996), the structural reform, the external position, and the balance of payments. The letter is signed by Deputy Prime Minister and Finance Minister Sergej Kozlik and National Bank of Slovakia [NBS] Governor Vladimir Masar.

Aims

1. In 1994 the Slovak Republic achieved a turnaround in its economic development, the foundations for which had been laid during the preceding years. Trust in the economic policy of Slovakia and in Slovakia's prospects grew stronger both at home and abroad. The rate of inflation dropped to 12 percent, that is, one-half of its 1993 level. Following a 25-percent decline of GDP in 1990-93, GDP went up 5 percent in real terms. A current account surplus equivalent to 5 percent of GDP was achieved as a result of rapid export growth. Official foreign currency reserves increased fourfold and, at the end of 1994, were equivalent to 2.5 months worth of imports. Moreover, while the inflation rate remains uncomfortably high, it stopped growing and shows signs of a downward trend. In conformity with the above developments, the fiscal deficit declined almost 5 percent, to under 3 percent of GDP (the projected deficit was 4 percent). The above trends also received support from monetary policy.

2. The government's primary aim in 1995 is to maintain the high rate of economic growth (4 to 5 percent), lower inflation to 8 percent, and establish conditions, by means of a further improvement of the external position, for the convertibility of the current account of the balance of payments. The sources of GDP growth are expected to shift in 1995 from net exports to domestic demand. In this way, the current account surplus will drop to $0.3 billion (2 percent of GDP), while official foreign currency reserves will go up to $2.4 billion (equivalent of 3 months' worth of imports, excluding gold reserves, whose market value is $0.5 billion).

3. The program will continue to be based on the principles of fiscal restraint, with the exchange rate of the Slovak koruna [Sk] remaining the nominal point of

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reference. The fiscal deficit will be limited to 3 percent of estimated GDP and will thus remain roughly at the 1994 level, despite increased expenditure on public investment projects and costs associated with the structural reform. This fiscal target is in conformity with the aims of maintaining the level of inflation and rechanneling credits to the company sphere in support of economic growth plans. Last year's production growth and companies' improved economic results, the normalization of conditions for extending company credits, the higher rate of project financing, and the government's higher infrastructure expenditure should permit growth of investment. Consumption by the population is expected to recover, which would be in harmony with the growth of economic activity and of consumers' confidence.

4. Last year's turnaround in the development of the economy, which was associated with the increase in the share of the private sector to 58 percent of GDP, clearly bears out the progress achieved in Slovakia's transformation to the system of an efficient market economy. In spite of this, we realize that much work remains to be done in the privatization of companies that remain in majority state ownership, in dealing with the problems of irrecoverable claims in the banks' credit portfolio, and in the restructuring of the company sphere. Initial successes have only reinforced our determination to resolutely continue tackling these problems, for Slovakia to embark upon the road of rapid and sustainable growth. We expect the program of structural reforms to continue to evolve within the context of our negotiations with the World Bank on the credit for restructuring the company sphere and the financial system (EFSAL).

External Policy

5. In keeping with our commitments under the agreement on the standby credit, according to which we should achieve by 1 January 1996 convertibility of the current account of the balance of payments and a status in keeping with Article VIII [not further specified], the NBS increased, with effect from 1 January 1995, the foreign currency allocation for tourist purposes by two-thirds, to $500 per person and year. In the course of 1995 the NBS intends to increase this allocation even further. To ascertain all restrictions being retained pursuant to Article XIV, or other practices that might fall under the IMF's jurisdiction according to Article VIII, we will subject to analysis all aspects of our foreign currency system. We intend to undertake steps to eliminate all discriminatory aspects of the bilateral payments agreement with the Czech Republic as soon as circumstances permit this, and we also intend to terminate by 1 January 1996 the agreement on the clearing system. Pursuant to the agreement on the standby credit, we undertook to eliminate by the end of 1994 the 10-percent import surcharge on consumer goods, which had been introduced in March 1993. In this specific case, we have decided to temporarily retain this surcharge, in view of fears regarding the possible impact of an early abolition of the surcharge on the state budget. In spite of this, we are firmly determined to abolish the import surcharge by the end of 1995. Its lowering to 7.5 percent as of the end of June 1995 could be a certain intermediary step.

6. In keeping with our targets in the sphere of the balance of payments, we will not permit the net foreign assets of the banking system in convertible currencies, which stood at $316.5 million at the end of 1994, to drop by the end of April 1995 under $550 million, by the end of June under $700 million, by the end of September under $950 million, and by the end of 1995 under $1.2 billion. In keeping with the principles of a circumspect administration of credits, we also intend to limit to $0.6 billion for January-June 1995 and to $1 billion for January-December 1995 the volume of new credits taken by the government or the NBS or, respectively, the volume of government and NBS guarantees for nonlicensed [nekoncesni] medium-term and long-term credits from abroad. Besides, short-term credits taken or guaranteed by the government will be limited by standard import credits. The aforementioned limits imposed on the net foreign assets of the banking system and on the volume of taken and guaranteed foreign credits will constitute criteria for evaluating the implementation of the standby agreement.

Fiscal Policy

7. In 1995 we want to limit the total deficit of the public sector to 3 percent of GDP (which is the same level as that achieved in 1994), in spite of increased investment expenditure and the costs of the structural reform. In conformity with this target, the state budget deficit is to amount to Sk9 billion (according to the IMF definition), a slight surplus is to be achieved in the social security funds, the overall position of local budgets and extrabudgetary funds is to be balanced, and a deficit of Sk5 billion is planned regarding projects financed from extrabudgetary resources. The last item concerns projects in the health care sector (Sk1 billion) currently in progress, as well as new road-building projects (Sk4 billion).

8. Our intention is to increase the ratio of tax proceeds to GDP by almost 1 percent of GDP, despite the expected shortfall in tax revenue on account of introducing the deductibility from the tax base of the banks' provisions for losses caused by irrecoverable claims. Tax revenue will be favorably influenced by the preservation in 1995 of the personal income tax rate and by the unchanged level of nontaxable items, by companies' improved economic results, and by additional measures designed to raise the efficiency of tax collection. Since 1 January 1995, retail outlets paying the value-added tax and the consumer tax have been obliged to use electronic cash registers and, as of 1 July 1995, sanctions will start being applied for nonobservance of this obligation. Moreover, since 1 April 1995, it has been compulsory to mark bottled spirits by control stickers (a measure that supplements the stamping of tobacco products introduced last year). Retail sales outside the premises of licensed shops and regulated markets will be limited as of 1 July 1995.

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Finally, the assessment basis for calculating social security contributions by self-employed persons has been considerably increased in 1995. In view of the [expected] surrendering of lower profit by the NBS, the ratio on nontax revenue to GDP is expected to decline somewhat.

9. Current spending of the entire public sector will be reduced by a sum equivalent to 0.5 percent of GDP in 1995, with the aim of creating space for higher spending on infrastructure projects and covering the costs of the structural reform. Savings are planned in the category of subsidies (0.6 percent of GDP) and in spending on state transfer payments, chiefly by means of improved targeting of family allowances (1 percent of GDP). Social security expenditure will go up 4 percent in real terms, as a result of the impact of the indexation of pensions approved in September 1994 and another 10 percent indexation planned for September 1995. The wage costs of budget-funded organizations will remain unchanged in real terms. Investment expenditure is expected to go up 10 percent in real terms, mainly as a result of new infrastructure projects, which will reverse the downward trend of investments. By means of legislative measures to be approved in the second half of 1995, we expect the realization of a comprehensive reform of the system of social payments, including retirement pensions. While average pensions are relatively low, expenditure on social security makes up almost 10 percent of GDP, as a result of generous criteria determining the claim to collect pensions. Demographic trends will bring ever stronger pressure to bear on the economy and will, in the long term, weaken the viability of the social security system.

10. We realize that, despite the favorable results of 1994, the fiscal outlook is exposed to the influence of factors of insecurity. The projected level of tax revenue is sensitive to the level of economic activity and the effect of recent changes to the system of taxation is also difficult to quantify. The development of nontax revenue is also connected with debt payments by other states. Besides, the social security funds (the Health Insurance Fund, in particular), too, can bring pressure to bear on the expenditure side of the state budget, as was the case in previous years. Given these circumstances, we approached the estimates of revenue and expenditure circumspectly. Moreover, we incorporated into the fiscal program a general contingency reserve of around 1 percent of GDP. Under all circumstances, we want to carefully monitor fiscal development and, if necessary, adopt additional measures to live up to the aims of the program, including regulation of departmental expenditures to which there is no legal claim.

11. It is expected that, after taking into consideration: 1. net foreign financing of the government amounting to Sk0.3 billion, and 2. net sale of Sk2.0 billion worth of government securities beyond the framework of the banking system, the net crediting of the entire public sector by the banking system will reach Sk11.3 billion in 1995. In this context, and taking into account the timetable of financing the government's needs, our aim is to limit the net crediting of the government by the banking system to Sk3.0 billion for January-June, to Sk9 billion for January-September, and to Sk11.3 billion for January-December 1995. Should the sale of government securities beyond the framework of the banking system exceed the targets set for the pertinent periods, the limits will be adjusted downward.

12. In keeping with our commitments under the standby agreement, revenue of the National Property Fund (FNM) of the Slovak Republic will be used solely to cover costs associated with the privatization and financial restructuring of viable companies. As transpires from preliminary data and from the results of an audit of FNM transactions, the fund had a balanced cash flow position in 1994 and improved its financial position vis-a-vis the banking system by approximately Sk4 billion. Taking into account the expected development of current revenue, and the FNM's commitments in the sphere of expenditure, we expect the FNM's position vis-a-vis the banking system to remain unchanged in January-April, to improve by at least Sk1 billion in January-June, by Sk2 billion in January-September, and by Sk4 billion in January-December 1995. The above limits represent criteria for assessing the implementation of the terms of the standby agreement. The expected improvement of the FNM's financial position vis-a-vis the banking system will make it possible, in conformity with the monetary program, to appropriately increase the volume of credits for the company sphere and for households. Should privatization proceeds turn out to be higher than expected and lead to an even more striking improvement of the FNM's financial position vis-a-vis the banking system, these resources will create scope for an even greater expansion of credits for the nongovernment sector. Another possibility would be for the government to use the larger-than-expected privatization proceeds to repay the principal (but not the interest) of the domestic debt.

Monetary Policy

13. The monetary program for 1995 foresees a 13.5-percent growth in the money supply (M2), which is a decline compared with the 1994 growth of 19 percent. In view of the expected increase of the net foreign assets of the banking system by $0.9 billion, this development will mean a 4.5-percent growth in the net domestic assets (NDA) of the banking system. In this context, we want to limit the NDA of the banking system (which reached Sk279.3 billion by the end of 1994) to Sk275 billion by the end of April, Sk276 billion by the end of June, Sk277 billion by the end of September, and Sk292 by the end of December 1995. The above limits will represent criteria for assessing the implementation of the standby agreement. The volume of credits extended to the government is to be limited to 2.5 percent of the projected 1995 GDP level. This will make it possible to increase the volume of credits for the company sphere by about 6 percent.

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14. Apart from observing the upper NDA limit, the NBS will also monitor the development of domestic liquidity. Should the results of external activities lead to a higher growth in the money supply than projected in the program, the NBS will tighten its intentions regarding the NDA level, if no signs of an increased demand for money appear. To weaken the inflow of capital and stimulate demand for credits, in mid-March 1995 the NBS cut the discount rate by 1 percent (to 11 percent) and can lower it even further in the coming months, depending on further progress in reducing inflation and strengthening the external position.

15. In accordance with the provisions of the standby agreement, the NBS is making increasing use of indirect instruments of monetary policy. In October 1994 the NBS eased the application of credit limits by five banks. In the coming months, until remaining uncertainties are dealt with, we plan to eliminate the remaining credit limits with the exception of two banks. In these two instances, the credit limits will remain in force out of caution and as a means of stimulating competition within the banking system. Auction refinancing credits, which turned out to be relatively effective at a time when the NBS had to provide injections of liquidity, have been suspended since July 1994. Their suspension was caused by the more favorable conditions for obtaining liquidity as a result of the inflow of foreign currency resources. To siphon off excessive liquidity, the NBS has recently been making wide use of the sale of state bonds, which have replaced the central bank's credits for the government. The NBS intends to use more subtle monetary instruments in administering liquidity through operations on the open market. This is why it recently issued its own bonds. As a consequence of the passage of the relevant legislation, and through the further transformation of the central bank's credits into state treasury bills or bonds in the NBS portfolio, there will be an increase in the volume of state securities.

Wage Policy

16. Following consultations with the social partners within the framework of the tripartite commission, the government decided to discontinue the regulation of wages in 1995. However, we want to strictly monitor the development of wages and adopt additional corrective measures if necessary, should major deviations from the aims of the program occur that might jeopardize the attainment of the price policy targets and impair the economic results of the company sphere.

Price Policy

17. The prices that households pay for gas, heat, and electricity remain below the level of the economic costs of their production. In the medium term, the government is determined to introduce energy prices that will fully cover the economic costs of energy production. The government will therefore prepare, by the end of June 1995, a plan for the gradual adjustment of the prices of natural gas, heat, and electricity, on the understanding that these prices should help cover the reasonable costs of their production, including development costs. Meanwhile, we have decided to raise the prices of gas and electricity 10 percent by the end of September 1995.

Privatization

18. We want to speed up the process of transforming proprietary relations, which is an important part of our reform program, by means of privatizing (by the end of September) one-third of companies with majority state ownership (according to the situation at the beginning of 1993) and making further headway by the end of 1995. This means that companies given a preliminary value of Sk80 billion will be privatized by the end of September. From the viewpoint of assessing the fulfillment of these intentions of the privatization program, companies will be considered privatized if at least 51 percent of their shares are transferred into private ownership. In the sense of this definition, the above volume will not comprise the ownership of state companies or other government organizations (including the FNM, or the Restitution Insurance Fund) and the size of a company will be determined according to the book value of its fixed assets.

19. In the same way as in the past, we will place the main emphasis on direct sales, sales on the capital market, and public competitions, as well as on the second wave of coupon privatization. In deciding on various privatization methods, we will be guided by the principle that, for management to be efficient, control over companies must be transferred to clearly defined owners. We will therefore place a greater emphasis on standard privatization methods and our intention will be to sell the majority of each company's shares to strategic investors. In this way, through coupon privatization, citizens should be able to acquire shares in companies that can realistically be expected to make a profit. We expect that, in the coming months, the Slovak parliament will pass legal amendments designed to increase the transparency of the capital markets (in particular, through tightened supervision and the requirement of providing information) and to protect the interests of small investors in the second wave of coupon privatization. These laws will go into force before the start of the preliminary round of the second wave of coupon privatization.

20. To secure the problem-free fulfillment of the above privatization targets, we want to publish (by the end of April 1995) the final list of companies destined for privatization, including specification of the proportion of shares to be privatized by the coupon method, by other methods, or that are to remain in "long-term" state ownership. We will also define the state's interest in "strategic" companies (particularly in the energy sector, in the gas industry, telecommunications, the arms industry, and banking) and will define with greater accuracy the public sector's projected long-term ownership stake in these companies. Regarding coupon privatization, we expect that company shares worth

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approximately Sk50 billion will be set aside for this method. We reckon that the preliminary round of coupon privatization will start by 1 July 1995, provided that the legislative norms for the second wave of coupon privatization mentioned in Article 19 come into effect by then. The first round of the second wave of coupon privatization should then start by 1 September 1995 and the last round in which orders can be placed by the end of June 1996. Regarding privatization by standard methods, by the end of June we plan to wind up one-half of all sales necessary to achieve the target of privatizing one-third of all state-owned companies. The remaining companies should be sold by the end of September 1995. To eliminate bottlenecks that might thwart the attainment of those targets, we also intend to speed up the transformation of state companies into shareholding companies. We realize that the criteria that will be applied in assessing the terms of sale of companies to strategic investors (purchase price, schedule of payments, planned investments, commitment to retain the level of employment) can turn out to be difficult to enforce and, if not applied pragmatically, could involve the FNM in extensive activities in analyzing and monitoring the implementation of sale-purchase contracts. In this context, we want to pay particular attention to purchase prices and the buyers' ability to pay those prices.

Banking Reform

21. Banking reform will focus on tackling the issue of irrecoverable claims in the banks' portfolio and on shaping an environment that will stimulate the banks' interest in improving their credit decisions. In mid-March the NBS approved guidelines for the classification of credits and rules concerning the generation of provisions for bad loans, which are in harmony with international norms. These guidelines will be supplemented—in the form of an amendment to the law on income tax—with the possibility of deducting bad loan provisions from the tax base. The deductibility of bad loan provisions from the tax base will encourage banks to acknowledge the true scale of problematic credits in their portfolio. Given the fiscal and "moral" risks of this measure, the possibility of full deductibility will be provided only for bad loan provisions generated in the years 1995-97 and only to those banks that will undertake to implement the restructuring program approved by the NBS, following consultations with the Slovak Ministry of Finance. The restructuring program will make it incumbent upon banks to undertake, among other things, to improve their methods of management, to limit their administrative costs, and to forfeit the distribution of dividends. In view of the expected reduction of their tax burden, banks will be permitted to surrender lower advance tax payments in the course of 1995.

22. We want to further specify the extent of the indebtedness problem with an in-depth audit, the extent of which has been agreed between the banks and their auditors. Regarding audits for 1994, the auditors will, among other things, pay special attention to the evaluation of credit collaterals, foreclosing on sums accruing interest but not paid up; also to an appropriate classification of claims and the creation of bad-loan provisions. The auditors will also have to assess the position of banks with respect to their cash flow. Based on in-depth audits, the government and the NBS will decide on other measures to reinforce the financial position of the banking system. We are aware of the fact that, without effective banking controls, the problem of nonstandard claims may reappear. Because of this, in accordance with our two-year plan adopted in April 1994 and IMF recommendations, a substantial staff increase took place in the sphere of NBS banking controls, and expert training programs are being organized.

23. We realize that privatization of the remaining state banks is the only fair way of intensifying stimuli and improving credit decisionmaking. It is expected that the last touches on the restructuring program details and privatization of the banking sphere will be added within the framework of ongoing talks with the World Bank regarding the proposed credit for restructuring enterprise and financial spheres (EFSAL).

Restructuring the Enterprise Sphere

24. We will complement measures in the sphere of the privatization and banking reform with specific steps aimed at the legal framework, enterprise financing, and simplification of the enterprise sphere restructuring. The law on bankruptcy and settlement (amended in June 1993) contains numerous technical shortcomings (eg., discrimination against creditors with secured loans and foreign creditors). These shortcomings will be eliminated through an amendment that should be approved in the parliament by the end of June 1995. Moreover, the settlement process must be simplified so as to facilitate a more expeditious agreement between debtor and creditors. It is expected that the details of the reassessment program for the framework on the law on bankruptcy and reinforcement of the role of settlement will be discussed at talks between the government and the World Bank within the context of ongoing preparations for the proposed credit for restructuring enterprise and financial spheres (EFSAL). We have decided to establish a special financial institution for the support of investments in priority areas (infrastructure, small and medium-size businesses), which will secure sources and orient them through existing commercial banks, i.e., it will play an "apex" role rather than directly credit the final borrowers. We intend to refrain from providing credits with subsidized interest, which usually lead to an inefficient use of credits. We founded a National Agency for the Development of Small and Medium-Sized Businesses with a network of regional consultation and information offices and innovation centers at its disposal. This agency shapes even the state policy on the development of Small and Medium-Sized Businesses, provides various technical services, and in cooperation

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with the domestic and foreign institutions implements financial assistance programs.

Ministry Issues Correction

AU2404161395 Bratislava HOSPODARSKE NOVINY in Slovak 21 Apr 95 p 3

[Unattributed report: "Once Again on the Memorandum; Slovak Ministry of Finance Corrects Published Data"]

[FBIS Translated Text] The Slovak Ministry of Finance asked us to publish a correction to the Memorandum on the Economic Policy of the Slovak Republic, which we published on Wednesday, 19 April. The Ministry states that, through technical error, incorrect data found their way into the text of the Memorandum of the Government of the Slovak Republic on Economic Policy that was made available to news agencies and representatives of periodicals. "We ask you in this way to correct, amend, and publish the correct text of the Memorandum's Articles 5 and 17," the Slovak Ministry of Finance states.

Correct wording of Article 5:

External Policy

5. In keeping with our commitments under the agreement on the standby credit, according to which we should achieve by 1 January 1996 convertibility of the current account of the balance of payments and a status in keeping with Article VIII [not further specified], the NBS [National Bank of Slovakia] increased, with effect from 1 January 1995, the foreign currency allocation for tourist purposes by two-thirds, to $500 per person and year. In the course of 1995, the NBS intends to increase this allocation even further. To ascertain all restrictions being retained pursuant to Article XIV or other practices that might get under the IMF's jurisdiction according to Article VIII, we will subject to an analysis all aspects of our foreign currency system. We intend to undertake steps to eliminate all discriminatory aspects of the bilateral payments agreement with the Czech Republic as soon as circumstances permit this. Pursuant to the agreement on the standby credit, we undertook to eliminate by the end of 1994 the 10-percent import surcharge on consumer goods, which had been introduced in March 1993. In this specific case, we have decided to temporarily retain this surcharge, in view of fears regarding the possible impact of an early abolition of the surcharge on the state budget. We will assess the possibility of its gradual abolition, taking into consideration the development of the balance of payments.

Correct wording of Article 17:

Price Policy

17. The prices that households pay for gas, heat, and electricity remain below the level of the economic costs of their production. In the medium term, the government is determined to introduce energy prices that will fully cover the economic costs of energy production. The government will therefore prepare, by the end of June 1995, a plan for the gradual adjustment of the prices of natural gas, heat, and electricity, on the understanding that these prices should help cover the reasonable costs of their production, including development costs. Meanwhile, we have decided to raise the prices of gas and electricity by a minimum of 10 percent by the end of 1995.

Environmentalists Cheer Delay in EBRD Loan

95CH0215B Prague PRAGUE POST in English 4 Apr 95 p 4

[Article by Maggie Ledford Lawson: "Delayed Vote on EBRD Loan Cheers Foes of Nuclear Plant"]

[FBIS Transcribed Text] Environmentalists hailed a delay in a vote by the European Bank for Reconstruction and Development (EBRD) on a loan for the completion of two nuclear reactors at Mochovce, Slovakia, as a sign that they are close to winning their fight to kill the project.

But the Slovak government, which requested that the EBRD put off the vote, had a different explanation.

Citing lower-than-anticipated construction costs, Slovak Economy Minister Jan Ducky told the Prague-based news agency CTK that Slovakia may not need the $280 million it has requested from EBRD after all. The government has vowed to press on toward completion of the reactors, which are viewed by many as the only alternative to a major health hazard—smog-belching power plants fed by brown coal.

The EBRD had been expected to vote March 27 on the loan, which was to fund completion of the Soviet-style reactor. But in recent weeks, increasing pressure had been put on the bank to turn down the Slovak request.

Approval of the loan, the largest in the bank's four-year history, would clear the way for completion of some two dozen Soviet-style nuclear plants throughout the former Eastern bloc.

With nuclear-plant construction essentially moribund in the West, companies such as Electricite de France and Westinghouse Corp. are eagerly vying for projects in Central and Eastern Europe.

But opponents argue that the West has no business supporting nuclear projects that probably would not gain approval in the United States, United Kingdom, Germany, or France.

Paxus Calta, a representative of the environmental group Hnuti Duha, said he believed that the EBRD itself was backing off from the loan in response to growing opposition to Mochovce within the European Union. A number of EU [European Union] members, including

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Greece, Portugal, Luxembourg, Denmark, the Netherlands and Austria, have come out against the project, as have non-EU countries Turkey and Norway.

"The bank is very sensitive to such pressure," Calta said.

Support also has eroded within the Slovak government, said Calta.

Environmental groups have said they plan to spend the next few weeks organizing a loan package that would be offered to Slovakia for developing alternative energy sources if it would scrap Mochovce. Austria already has said that it is willing to provide $50 million for an alternative-energy project.

Slovakia, though, appears to have another agenda.

Ducky insisted that, one way or another, Mochovce will be completed.

"As always," said Ducky, "I count on our brothers the Czechs, on our own sources, on a consortium of domestic and foreign banks, and on the participation of Russian capital to the well-known extent of $150 million (for completion of the project)."

Real Wages Down One-Quarter in Five Years

AU2404161795 Bratislava NARODNA OBRODA in Slovak 21 Apr 95 pp 1-2

[Article by "kb": "Real Wages Have Decreased by a Quarter in Five Years"]

[FBIS Translated Text] Bratislava—"In the course of the past five years, consumer prices rose 173 percent and living costs increased 167 percent," reads the report on the social situation of the population of the Slovak Republic in 1994. Real wages have decreased by 23 percent and real old-age pensions by almost 28 percent. As a result, the population's purchasing power has markedly declined, and the standard of living has slipped "below the pretransformation level," states the report, which was drawn up by the Ministry of Labor, Social Affairs, and the Family.

Households' Social Situation

The overwhelming majority of Slovak households have significantly changed the structure of their consumer basket, spending far more than previously on services related to housing and running the household, chiefly at the expense of industrial goods. The net monthly income per family member averaged Sk3,175 in 1994, and family income was essentially on a par with family expenditure, most of which went on payments for housing and food. Slovak households had an average income of Sk9,000-12,000 last year. Almost 60 percent of households reduced their consumption and economized.

Development of Prices

Compared with January 1989, prices of goods and services went up almost 190 percent, although 1994 did not see any dramatic increase in prices. The growth of consumer prices in 1994 was influenced, first and foremost, by tax adjustments (increase of the value-added tax for some commodities from 6 to 25 percent), by price increases for alcoholic beverages and tobacco products, by the raised maximum price of heat and hot water, by higher prices of telecommunications services and pharmaceuticals, and by the unfavorable development of agriculture, which made itself felt in the growing prices of some food items. Food prices went up almost 19 percent in 1994, prices of restaurant meals more than 19 percent, and prices in company canteens 21 percent. Overall, prices increased by nearly 12 percent in 1994.

Wages and Productivity

Disproportions between the development of wages and productivity of labor in industry markedly increased, especially in the second half of the year. In the food and tobacco-processing industry, for example, labor productivity declined more than 7 percent, while average wages rose more than 18 percent. A similar phenomenon could be registered in the machine-building industry.

The highest average [monthly] wages last year were in banking (Sk12,030), the insurance business (Sk10,516), and the generation and distribution of electricity, gas, and steam (Sk9,812). Average wages in the leather-working and footwear industry, on the other hand, amounted to only Sk4,449. Wages in the budget-funded sphere averaged Sk6,000 but in the education sector only Sk5,157 and in social care even a mere Sk4,458.

What Awaits Us This Year?

The state budget reckons with a 14-percent unemployment rate. The growth of consumer prices should not exceed the 11-percent mark, and average wages should not exceed Sk6,690. Some 20 to 22 percent of families will find themselves at the limit of social dependence. However, these forecasts will come true only if the projected 5-percent growth of the GDP is achieved in 1995.

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Keleti Stresses Full NATO Membership by 2000

LD2404164895 Berlin DDP/ADN in German 1608 GMT 24 Apr 95

[FBIS Translated Excerpt] Bonn (DDP/ADN)—Hungary wants to become a full member of NATO by the year 2000, according to Defense Minister Gyorgy Keleti. Keleti, who arrived in Bonn today at the start of a three-day visit to Germany, said after talks with German Defense Minister Volker Ruehe that full NATO membership would improve his country's security position. It would make Hungary more attractive to western investors, creating better conditions for speedier accession to the European Union [EU], he said. Ruehe said he thinks gradual EU accession is a possible option for Hungary, with political membership taking precedence over economic aspects.

Keleti expressed concern at recent statements from Moscow regarding the eastward expansion of NATO. He said, however, that Budapest still accepts the position of Russian President Boris Yeltsin, who a few months ago said any NATO accession was a purely Hungarian matter. Keleti added that he hopes to meet Russian Defense Minister Pavel Grachev in the near future for talks which he said have been postponed by the Russians on several occasions.

Ruehe also stressed that prospective NATO membership is the concern only of those countries wishing to join. He said Russia should be "shown in very clear terms" that east Europe is not its sphere of influence. [passage omitted]

Minister Wants 'More Solidarity' From Austria

AU2404104995 Vienna KURIER in German 24 Apr 95 p 17

[Article by Georg Berenyi: "We Expect More Solidarity From Vienna"]

[FBIS Translated Text] "If our efforts should not meet with any understanding in Vienna and Brussels, somber times, just as at the beginning of the 1960's, could reemerge at the Austro-Hungarian border." Hungary's Industry and Trade Minister Laszlo Pal has been tempted to engage in horror visions not only out of fear of "reckless implementation" of the Schengen Agreement—but also because of "problems that have overshadowed bilateral economic relations since Austria joined the EU."

Given current negotiations in Brussels, Pal is rather pessimistic that Budapest's trade with the former EFTA [European Free Trade Association] member Austria could continue to flourish without any problems. EU-related restrictions in goods traffic at the Rabafuzes border checkpoint, for instance, have already severely affected Hungarian food exports. There is also an opposite trend, in Minister Pal's view: "For multinational companies active in both countries—such as General Motors, which puts engines produced in Hungary into cars produced in Austria—the border practically no longer exists." This, however, if still a thing of the future.

For the time being, Hungary has to cope with a difficult transition period—until its longed-for EU membership, for which the country is largely ready, as the minister thinks: "With the latest—even though frequently disputed—measures to consolidate the national budget, which shows a high deficit, the government has also restructured the social system, which has been taboo so far, along market economy lines."

The Hungarian path toward Europe leads via Vienna not only in geographical terms. Pal considers cooperation in the energy sector to be of particular importance. Beyond the hookup to Western systems of electricity and gas supply, he also means potential Austrian participation in the nascent privatization of the energy sector: "I could very well imagine OeMV [Austrian Petroleum Corporation] as part owner of our oil and gas supply—provided it wins the tender." In tourism Hungary and Austria could present joint "packages of offers." "However, what we primarily expect of Vienna is more solidarity," Pal notes in conclusion, with a slightly critical tone.

Minister Denies Purge in Foreign Service

AU2504105095 Budapest NEPSZABADSAG in Hungarian 22 Apr 95 pp 1, 3

[Interview with Foreign Minister Laszlo Kovacs and New York Chief Consul Balazs Laszlo by Oszkar Fuzes in Washington; date not given: "The Press Is Only Guessing About the Replacements—According to the Foreign Minister, Cleansing Is Out of the Question; the Chief Consul Received the Decision With Sadness"]

[FBIS Translated Excerpt] Many people are again talking about politically motivated cleansing at the Foreign Ministry in connection with the early recall of the New York chief consul and other diplomats. Our Washington correspondent interviewed Foreign Minister Laszlo Kovacs and then Balazs Laszlo on the subject.

[Fuzes] Following a number of leaked, announced, or assumed personnel changes, it has again been suggested that a new purge on a party political basis is under way at the Foreign Ministry. According to this scenario, only those people are considered to be good professionals who sympathize with the Hungarian Socialist Party or who used to work for the former Hungarian Socialist Workers' Party Central Committee's foreign department—namely [Prime Minister] Gyula Horn and Laszlo Kovacs—and the prematurely recalled diplomats are being replaced by such people.

[Kovacs] Much of the speculation in the press is completely unfounded. I have seen reports of "dismissals and appointments" that have never even occurred to me and probably will not in the future, either. It must be remembered, however, that in the foreign service, it is natural for people to change their postings from time to

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time, and this includes working in the home country. If political motivations are sought behind all these changes, then this could be assumed in many hundreds of cases a year. However, these are only natural replacements required by the nature of the work. In 1990 and later, the government of the day sent many ambassadors and diplomats abroad for explicitly political considerations; not to mention those who were sent abroad because they had been students or teachers of particular people, had attended the same school or lived in the same building as someone else. The politicians of the former government parties, who are now in opposition, shout political cleansing the moment we touch any of the aforementioned people. I cannot guarantee that people sent abroad by the former government will remain abroad until retirement....

[Fuzes] However, many people are mentioned here, people whose normal tour of duty has not expired.

[Kovacs] This issue involves other points. We are being forced to make a 15 percent staff cut in the Foreign Ministry—naturally, we mainly part with people of retirement age. Naturally, we also examine to what extent the ambassadors or the subordinate diplomats live up to expectations. A person who might appear to be suitable at the time of appointment might not turn out to be satisfactory from all points of view in a given place. This can also happen to people who have been in the foreign service for a long time, but the fact that I have known a person well and for a long time will not stop me from recalling him. We will recall people who do not prove to be suitable in their position even if they have not served the customary four years. We cannot allow ourselves the luxury of keeping partially suitable people abroad just to avoid the accusation of having "political considerations." On the other hand, we are not recalling many of the ambassadors and diplomats appointed by the previous government because they have learned their job and are working well. One of them is working at an ambassadorial post that is of key importance for Hungarian foreign policy. I have no intention of recalling him. I am grateful to my predecessor, Geza Jeszenszky, for having selected this ambassador whom, according to a newspaper, I have already "replaced." On the contrary, when he returns after completing his term, I would like to see him in a responsible position in the ministry. He is not the only such example.

[Fuzes] Do you assess performance on the basis of the same requirements?

[Kovacs] We have general requirements, special ones for leaders, and specific ones relating to the given country or position. We obviously have different expectations at international business and finance centers than at places that are not so important from these points of view.

[Fuzes] The U.S. council of the World Federation of Hungarians mentioned in a letter that, after Los Angeles Chief Consul Andras Marton, New York Chief Consul Balazs Laszlo is also being recalled prematurely.

[Kovacs] Essentially, we have not been able to appreciate Marton's activities as chief consul: In the ministry, I have not seen any sign of his having worked in the interest of the Hungarian Government. He might have worked a great deal, set up good contacts, and gained admittance to important societies, but if none of this can be seen at home, then it is all his own personal affair and we cannot finance private ventures. As for the other issue: It is very commendable for chief consuls to try to foster good relations with the local Hungarians. However, these diplomats are sent by the government, the Foreign Ministry, rather than the World Federation of Hungarians. They are accredited to the receiving state, rather than to the Hungarians living in the United States or elsewhere. However important this relationship might be in their work, it is even more important to pursue relations with the political and business groups of the receiving country in Hungary's interest. It is not enough for someone only to perform well in one area. If someone is good at cultural relations, then he is in the wrong place at a post that is one of the world's biggest financial and business centers. Representatives of the New York Hungarians also handed over a letter regarding the recall of Balazs Laszlo. I explained our criteria to them and they acknowledged that it is up to the foreign minister to make a decision on the basis of these criteria.

[Fuzes] It is also possible to carry out "cleansing" on the basis of criteria that appear to be correct.

[Kovacs] Then I will again make it clear that the Foreign Ministry does not and will not have a cleansing campaign. On one hand, some replacements are due anyway and, on the other, I have decided to recall some people after assessing their performance on the basis of the opinion of the relevant department. I would very much like the spirit of public service to be strengthened in the Foreign Ministry in the coming years. I never consider which party my colleagues might sympathize with. This is a private issue for the individual. [passage omitted]

Interior Minister on Railroad Strike, Police Pay

AU2404150095 Budapest UJ MAGYARORSZAG in Hungarian 21 Apr 95 p 11

[Interview with Hungarian Interior Minister Gabor Kuncze by Tibor Franka; place and date not given: "Who Can Show the Victory Sign From Parliament's Window?"]

[FBIS Translated Excerpt] [Passage omitted] [Franka] What consequences could the [railroad] strike have on the activity of the interior minister and of the institutions under him?

[Kuncze] I must give two different answers to this. The first refers to whether the Interior Ministry has any work connected with the strike. I hope that we will not have any because, by observing the relevant regulations, the railroad workers also have the right to express their

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views in this way. If everything goes according to the rules, we will not have anything special to do.

[Franka] When could disorder occur?

[Kuncze] One can envisage a situation in which the strike considerably hinders citizens' movement, and then we must guarantee them their usual opportunities. [passage omitted]

[Franka] How long do you think this strike can last?

[Kuncze] I do not know for sure, but it cannot last more than a few days by any means. The way I see it, there is no real unity among the railroad workers and the bulk of the population also opposes this action. This is not mainly a wage struggle either; the two sides are arguing about certain points of the collective agreement.

[Franka] Mr. Kuncze, I will remember your words because, in the case of the policemen, it is precisely low wages that could cause tension. Regular policemen earn 16,000-18,000 forints a month, while a district police captain earns 40,000-50,000 forints. If things go on like this, we will face a slowdown.

[Kuncze] I do not think that the police will go on strike because the law forbids it; however, they can stage a slowdown. I do not see much sense in this, however, especially if we accept that, in the interests of its own security, society would now welcome such a move.

[Franka] Then they will leave the force, rather than go on a slowdown.

[Kuncze] If this process accelerates, then the government will have to intervene precisely on behalf of society to maintain the efficiency of the police.

[Franka] In the current situation, what message can you send to the thousands of policemen out there regarding their wages?

[Kuncze] You have caught me out well with this question, because I can only say that the government is fully aware of their situation and problems, just as the policemen are also aware of the budget situation. We must say openly that the police are in a bad situation today. I will do everything in my power to change this.

[Franka] Can you also come up with percentage figures?

[Kuncze] I do not want to give any figures. We must take measures to reduce the gap. Partially, this already started during the previous governments, but I think that there will be some wage increase next year too. I must add that the police get a surplus of 1 billion forints from the economic package adopted on 12 March and the previous wage increase reached 10 percent. Of course, this is not enough to stabilize the staff and popularize this job.

[Franka] This is definitely needed because, while the number of known crimes reached 120,000 in 1984, today this figure is close to 500,000, including an increase in homicide cases by 100.

[Kuncze] The figures can also be classified differently because, compared with 1993, the number of known crimes fell in 1994. The problem is that the citizens' sense of security is constantly deteriorating, and not only because of crime, but also because of unemployment, subsistence uncertainty, and price increases. Of course, if we look into the details, we can see an increase in the number of professional homicide cases and crimes against property, and these cases worsen the general mood. We need well-organized crime prevention, something that has been under discussion for a long time, but no progress has yet been made. A government proposal has just been completed that only contains the framework and the conditions, because local people best understand the problems. We will strengthen those units engaged in fighting organized crime and economic crimes. [passage omitted]

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Oleksy Reaffirms Desire To Join NATO

AU2404165395 Sofia STANDART NEWS in Bulgarian 21 Apr 95 p 21

[Interview with Polish Prime Minister Jozef Oleksy by Albena Shkodrova in Warsaw; date not given: "Polish Left Never Had Any Hesitations About NATO"]

[FBIS Translated Text] [Shkodrova] Mr. Oleksy, you are the first former communist leader to head the Polish Government since the changes in 1989. What is the difference between being at the top then and now?

[Oleksy] It is indeed difficult to compare because I never occupied such a high post before. I have assumed the post of prime minister only in a democratic Poland and really have no basis for drawing such comparisons.

[Shkodrova] Various theories exist on what led to the fall of the former government. In your view, what are the real reasons?

[Oleksy] It is indicative that the former cabinet was replaced within the framework of the same coalition. Its fall was caused both by outside criticism and discontent within the coalition itself regarding quite specific items in the government's policy, such as privatization, the manner in which the government was implementing the decentralization, its information policy, and the mechanism used in adopting decisions. Accordingly, the coalition itself decided on the change.

[Shkodrova] Nevertheless, is it not true that your predecessor Waldemar Pawlak delayed the reforms?

[Oleksy] Pawlak did not stop the reforms, but in certain areas—the ones I have mentioned—his government worked very slowly. Nevertheless, I want it to be known that this coalition is continuing consistently to carry out the reforms, which are the essence of Poland's transformation. It is impossible to say that our policies contain any surprises.

[Shkodrova] In 1989 the politicians in Poland agreed to adopt a new constitution for the country when the reforms toward a market economy were reaching completion. Draft versions of the new constitution are already under discussion. Does this mean that the political forces in Poland already see the end of the transition?

[Oleksy] No, the work on the constitution does not conclude the transformation process. Nevertheless, these political discussions are proceeding in parallel with the reforms. The constitution must define correlationships and establish rules and internal standards for the state. The transition will continue for many years yet.

[Shkodrova] Following the left's victory in the last elections, some political observers commented that some circles within the Democratic Left Alliance had "reservations" about joining NATO and the EU. Now these reservations are in no way apparent. Have they been overcome, or did they ever exist?

[Oleksy] At that time, the subject of Poland joining NATO and the EU was simply not raised as such. NATO's expansion was not on the agenda at all, and arguments about expanding the European Union were going on in Europe itself. Now the situation is different; the Western countries have decided to expand the North Atlantic Alliance, and today everyone is considering this possibility more actively.

[Shkodrova] Do you consider that Poland may really be accepted into NATO, despite Russia's protests?

[Oleksy] In my opinion, Russia's protests should not influence the decisions of Western Europe and the United States on expanding the North Atlantic Alliance. They will certainly not affect Poland's desire to join the organization.

[Shkodrova] Do you agree with President Lech Walesa's gloomy forecast that when Russia restores its economy, there will be a danger of Europe becoming the United Russian States?

[Oleksy] The president's reaction was rather extreme, and it may be said that his assessment was not quite correct. However, his reaction was emotional because Russia reacted extremely sharply to our desire for integration within NATO. I would also suggest that the president's view represents an attempt to hint to Western Europe that a repetition of the division that we suffered previously is possible.

[Shkodrova] In fact, your intention to visit Moscow for the commemoration of the 50th anniversary of the end of World War II has given rise to the first serious conflict between you and the president. Lech Walesa even said that Russia attracts you like the forest does a wolf. What occurred at your meeting with him, the Sejm and Senate marshals, and the foreign minister?

[Oleksy] The meeting had been planned long before and its purpose was to clarify the coordination between the different institutions in the field of foreign policy. Under the Polish Constitution, the president holds these powers. We discussed these matters and also considered purely administrative coordination.

[Shkodrova] Did you clarify your mutual relations?

[Oleksy] Yes, we also talked about this—about the problem of how to separate powers in the state. We established that the Foreign Ministry and foreign minister will be the center for this coordination.

[Shkodrova] From your very first day in power, you declared a war on crime. What is the program you are following?

[Oleksy] It is a long-term program that I hope will be pursued for a long time so that the job is completed. At the moment, our attention is mainly concentrated on the

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fight against organized crime. We will try to get the Sejm to pass certain changes in criminal legislation, and our intentions are that these changes will mainly relate to means for combating organized crime.

[Shkodrova] Thanks to Poland, the Bulgarian foreign minister has been invited to the Central European Initiative (CEI) in Krakow. Can Bulgaria expect Poland's support for its application to join this organization?

[Oleksy] Bulgaria and Poland are developing very good relations, and your country can count on us as far as the CEI is concerned.

[Shkodrova] Does this mean that Bulgaria can count on your support in general, or specifically as regards its application for membership?

[Oleksy] It is difficult to say at the moment. We will deal with these issues in Krakow on 21 and 22 April, when the foreign ministers will prepare for a CEI summit meeting to be held within the following months.

[Shkodrova] One of the priorities of the present Bulgarian Government, which is also from the left, is to revive the traditional economic relations with the former CEMA countries. Does Poland have a similar program?

[Oleksy] No, Warsaw has no special program regarding CEMA, because we regard this as past history. However, this does not mean that we are against cooperation with these countries. We support the development of regional cooperation and intend to utilize all available opportunities for this.

Pros, Cons of Membership

WS2404120095 Warsaw RZECZPOSPOLITA in Polish 21 Apr 95 p 5

[Unattributed report: "March to NATO"]

[FBIS Translated Text] *"Membership in the North Atlantic Treaty is a question of 'to be or not to be' for Poland," one Polish general told RZECZPOSPOLITA. "The benefits of the integration of our country with NATO are obvious," said another. None of our interlocutors believes Poland is capable of defending itself alone.*

Officers estimate that we still have to wait several long years until a decision on our membership is made. Therefore, they stressed, the Polish Army must integrate with the NATO armies step by step. They would like to see Poland become a part of not only the political structures of the pact, but the military ones as well.

A 600 x 600 Square

"For us, the military, Poland is a square measuring 600 km from north to south by 600 km from west to east. We know that you simply cannot defend that vast an expanse of territory with a mere 235,000 soldiers and outdated equipment. The claim that we are capable of defending ourselves is either a pipe dream or a misunderstanding. All alternatives to NATO membership are sheer rhetoric," say Polish generals.

It must be firmly stated that under current conditions, Polish sovereignty can be protected only by cooperating with NATO countries, otherwise we may lose it.

"Still Poles and their potential allies in the West claim that there are no direct threats to security?"

"We, in the military, do not speak in terms of threats. Yet there are high-risk regions in Europe. We mean primarily areas with high military potential, where huge amounts of men and weaponry have been concentrated and where political stability may vanish. It is not our task to consider if and from which side Poland is endangered, but to prepare for the defense of our square. Meanwhile, our own sight is feeble, as is our hearing."

Feeble Sight and Hearing

"Our square is currently very easy to shoot through, both in terms of radar and artillery, which means we can be speared by both radar and missiles. What are thus our more dire needs? Means which would enable us to see far and hear well," asks one of the generals. "An early warning system and a system for detecting potential danger are the fundamental elements of an efficient defense. Plugging into the integrated NATO system would be a fantastic opportunity for us."

"I would say," says a different interlocutor, "that we are a far cry away from modern systems of alert, reconnaissance, and air defense. Only the United States, only NATO, has the equipment we need. Can there be any question about that?"

The situation is similar, as far as telecommunications systems are concerned. "Do you know what the Americans are telling us? That it does not make sense to install fancy telecommunications systems for only the needs of the military. It is much easier and less expensive to develop the civilian telephone network and have regular phones that the Army could also use. We were told that it is easiest to reach Moscow from Washington using normal civilian connections."

"We badly want to purchase F-16 planes from the Americans. Those planes can stay up in the air three times as long as the MiGs we currently have at our disposal. They have a cruising range two-and- a-half times as far as our planes. They are multifunctional, capable of carrying out more than a dozen types of operations—exactly what we need. One plane costs 1 trillion zlotys. We need an air squadron comprising at least 10 planes. We cannot carry the burden of such purchases on our own."

"The very possibility of having such a F-16 squadron makes it worthwhile to apply for membership in NATO," says another general.

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The Polish Line of Defense

To the question of what would Poland's dowry to the Western alliance be, one of the generals—fiftyish, still a line officer four years ago—says: "First of all, its entire territory and nearly all of its Armed Forces."

He explains that joining Poland to the territories of current NATO states would allow the pact to gain an advantageous defensive line in the east. The Polish Army would serve as a buffer for NATO. "Please do not be surprised," he said. "Once we become a NATO member, we must take into consideration the fact that the first exchange of blows, the first exchange of fire from rockets and bombers could take place over Polish territory."

"I think that once the decision to accept us into NATO is made," he continues, "the Group of 16 will lay down its conditions as to the defensive system of our state, civilian defense, and the infrastructure throughout the country which can be used by the Army should the need arise—namely roads, the transportation system, telecommunications, sea and air traffic routes, the protection of civilians, etc."

All of RZECZPOSPOLITA's interlocutors agree that Poland should place its entire Armed Forces—the operational forces comprising approximately 200,000 men—at the disposal of the NATO joint command. The formations of the National Territorial Defense, which are currently being formed and are to consist of some 10,000 men, would not be included in the NATO structure. "This implies that practically all types of formations would be integrated with NATO structures," points out one of the generals, "apart from stationary units, for example, the communication center services."

Another general explains: "Our forces would be commanded by the NATO operational headquarters in Central Europe (AFCENT). Our land forces would be subordinated to LANDCENT [expansion unknown], the air forces—to AIRCENT [expansion unknown], the sea forces, part of the land forces, and the some of the air forces—to BALTAP [expansion unknown]."

Subordinating part of our land forces to LANDCENT would probably mean in practice that our divisions would be included in multinational corps. If some of our forces would be included in NATO's Allied Rapid Reaction Corps (ARRC), Polish brigades would become part of multinational divisions.

This would be the case, obviously, only under circumstances of a pending threat or an expected attack. According to principles adopted in the integrated NATO military structures, the national forces remain under their domestic command in times of peace. They fall under joint command at a certain point in a developing conflict.

No Nuclear Arms

"Is the relocation of our troops, started three years ago, redeploying 40 percent to the western regions of Poland and 30 percent to the center and to the east, beneficial from the perspective of Poland's joining NATO?," asks RZECZPOSPOLITA.

"There can be no doubt about this," we hear in response. "The relocation process is very well advanced. It will probably be completed by 1995. A more or less even distribution of our troops will be very important. If need be, it allows us to form a concentrated air shield. If the territory is well shielded from above, it is easier to carry out maneuvers on land. From the moment we join NATO, the distribution of our own troops will depend on if and what type of allied formations would be redeployed to Polish territory."

"How would the issue of stationing allied forces in our country be settled?," I ask another interlocutor.

"This issue, as well as the issue of Polish troops being stationed abroad, has not been legally regulated. The inclusion of provisions on both problems in the new constitution are currently being considered."

"The relocation of allied troops would require, most of all, the developing and modernizing of the existing military infrastructure, as well as establishing a new one besides," says one of our interlocutors. We do not have enough barracks, particularly in the east. One of our interlocutors comforts us: "We are building new air bases, taking into account the possibility of accommodating huge transport and fighter aircraft. The needs of the military, thank goodness, are being taken into consideration in highway construction projects. We can always adapt the infrastructure left behind by the Russian Army to the needs of the armed forces that would be stationed in Poland."

"The stationing of foreign troops is peanuts for us," says one of the interlocutors. "Real problems will arise once the issue of nuclear arms in Poland arises. The military knows that one must do what one must, so if the Americans come and bring tactical nuclear arms with them, we will have to accept them. After all, we are the ones knocking on NATO's door. We are the ones seeking their security guarantees, and not the other way around. In the case of Poland, the history of U.S. arms in West Germany, Belgium, the Netherlands, and Italy could return. The Americans deployed their 'Pershing' and 'Cruise' [as published] euromissiles [eurorakiety] in these countries, because such was the need at the time, and the European governments accepted that." "I would not do that if I were to be held responsible for deploying nuclear arms in Poland," says one of the generals. What would our society say about that? "Protect us God from nuclear arms," exclaimed another interlocutor. Another one reminded that Poland signed the Nuclear Nonproliferation Treaty as a nonnuclear state and it would be better if it stayed that way. "Since nonnuclear states receive guarantees of their security from nuclear superpowers, including the United States, Great Britain, and France—nuclear NATO states—perhaps all our fears

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that nuclear arms could be deployed in Poland, albeit temporarily, might prove groundless," said another general.

Learning the ABC's

"What is most important to us, the military, is that current regulations do not exclude joint operations between the Armed Forces of the Polish Republic and foreign troops, or—as we say in military jargon—interoperationalism [interoperacyjnosc] is possible. We must most of all 'tune in' to each other. That is why the principle of interoperationalism was provided for in the Partnership for Peace project."

"What is interoperationalism to comprise, basically?"

"We are very clear about that. First of all, the system of command in the Polish Armed Forces must be compatible with that of NATO. This means that we must first adapt the structure of the staffs of our brigades, divisions, regions, and the General Staff to the structure of their staffs, and see to it that the staff members can communicate with ease. You must understand that we have to learn how to communicate when making decisions, then when transmitting them 'down' to our subordinates, and then when we supervise them at the implementation stage. That is why we have to speak English."

"We have already begun treating units of the Polish Army as if they were 'modules,' so that they could be joined to their NATO counterparts when the time comes, for example joining our divisions with their corps." "It does not make much of a difference whether we 'relabel' our regiments to brigades or armies to corps," said a different interlocutor. The type of formation, however, is important. That is why we are currently forming mechanized brigades, which did not exist within the Polish Army in times of the Warsaw Pact.

"We are also trying to introduce new principles of fire control, resembling the regime applied in NATO—not from firing positions, but from command posts. We are already experimenting with such a system on our testing grounds."

"Our new combat manuals are modelled after those used in the armed forces of NATO states. The governing principle is: command through objectives. We have already begun using dual graphic signs, symbols, acronyms, and abbreviations: Polish and NATO. We are even changing the colors we have used on maps to date! You could say," laughs the general, "that we are learning the ABC's of military art anew."

All of RZECZPOSPOLITA's interlocutors asked to remain anonymous. "We would not like to be accused of meddling in politics," they said.

TV Account of Oleksy Talks in Hungary 'Untrue'

LD2404222795 Warsaw PAP in Polish 2100 GMT 24 Apr 95

[FBIS Translated Text] Warsaw, 24 Apr—On Monday, Government Press Spokeswoman Aleksandra Jakubowska accused the main edition of Polish television's "Wiadomosci" program of giving untrue information about the talks held by Prime Minister Jozef Oleksy in Budapest.

According to Jakubowska, it is untrue that, as "Wiadomosci" stated, "Polish proposals regarding the abolition of customs duties on foodstuffs were not accepted by the Hungarian side" and also that "a radical proposal to limit to a dozen or so items the list of industrial goods burdened with customs duties was rejected."

The government press spokeswoman feels that "quite the contrary," because "the Hungarian side maintained in its entirety the Poznan declaration of the prime ministers of the Central European Free Trade Association [CEFTA] states on the acceleration by one year of the entire abolition of duties on industrial goods (that is from December 1997 and not 1998, as earlier announced). The Hungarian side also maintained support for the Polish proposal to limit the exceptions to this rule. Simultaneously, too, the Hungarian side expressed interest in liberalizing trade in agricultural goods, which was announced in the Poznan declaration."

Sejm Amends Communication Law, Mandates Licensing

WS2504065595 Warsaw GAZETA SWIATECZNA in Polish 22-23 Apr 95 p 20

[Article by "(paro)": "Sejm; Telephone Law"]

[FBIS Translated Text] Companies offering postal and telecommunication services will have to be licensed. Telekomunikacja Polska SA will, however, maintain its monopoly on the most profit-making international and domestic long-distance connections. This is the decision made yesterday by the Sejm after it amended the Law on Communication.

Licenses for telecommunication and postal services and permits to establish and use radio communication transmitters or telecommunication networks will be granted by the Communications Ministry. It will be possible to obtain the licenses by taking part in biddings. Two companies, however, will not have to do that: Telekomunikacja Polska and Poczta Polska. Many deputies objected to the regulation that introduces licenses for courier services. This idea was submitted by the Internal Affairs Ministry, which believes that licenses will help the police eliminate illegal arms or drug trade.

The communications minister will continue to be the owner of Telekomunikacja Polska SA. The law authorizes him to define the principles specifying how settlements should be made between Telekomunikacja and other companies that construct telephone networks. As practice has shown, negotiations between Telekomunikacja Polska and new operators on their construction have dragged on for a long time. If the companies do not reach an agreement within three months from now, the

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minister will be free to specify his own principles and impose them on those companies.

The law introduces the duty of marking all of the telecommunication devices that are for sale. This marking will be a guarantee that a given device can be connected to the Polish telecommunications network.

Illegal establishment or use of radio or television transmitter stations and telecommunications networks will be punishable by up to two years in prison.

The Sejm also voted yesterday in favor of the draft resolution on development of the telecommunications services market. Deputies called upon the government to present principles of a telecommunications development policy by the end of the first quarter of 1996. Moreover, the Sejm obligated the government to submit by the end of 1997 a bill of an entirely new law on communications, a bill that would meet all of the EU requirements.

LOT To Be Privatized; Strategic Partner Sought

MM2504095895 Krakow GAZETA KRAKOWSKA in Polish 13 Apr 95 p 10

[Unattributed article: "LOT To Be Privatized: Is Polish Airspace Becoming Crowded?"]

[FBIS Translated Text] Privatization of LOT Polish Airlines is to take off soon. A tender will be put out to firms willing to carry out a full review of the Polish air carrier enterprise's assets. "At the moment, work is in progress on sorting out the structure of LOT's assets," Boguslaw Liberadzki, minister of transport and maritime economy, said yesterday.

Liberadzki expects that 51 percent of LOT's shares will remain in the state's hands, some 20 percent will be assigned to the employees, and the balance of the shares will go to a strategic partner, who is still being sought. Among other things, the minister held talks on this subject during his visit to London last week.

"There is still no decision from the American civil aviation authority concerning a possible alliance between LOT and American Airlines, nor has a decision been reached to endorse the so-called code-share scheme—that is, a joint system of seat reservation for both carriers' aircraft on transatlantic flights and in the United States," Boguslaw Liberadzki said.

The minister awaits a visit to Poland by the American transportation secretary, during which this question will be resolved. The Americans want to involve a number of other Western carriers, including Northwest, Delta Airlines, KLM, and Lufthansa, in the talks on the introduction of the code-sharing scheme. KLM own 25 percent of shares in Northwest, while Lufthansa has a strategic alliance with another American carrier, United Airlines.

Liberadzki believes that the LOT-American Airlines agreement on code sharing should run for two years, after which a market analysis should be carried out and further agreements signed. He jokingly quoted the U.S. Department of Transportation's opinion that an alliance between LOT and American Airlines "could endanger U.S. interests."

A new flight connection between Warsaw and Toronto will probably be included in LOT's winter timetable. It is still not certain whether this connection will be serviced from the Canadian side by Air Canada or some other carrier.

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Melescanu, Bulgarian Counterpart Examine Ties

AU2404184695 Bucharest Radio Romania Network in Romanian 1700 GMT 24 Apr 95

[FBIS Translated Text] Teodor Melescanu, minister of state and minister of foreign affairs of Romania, had consultations with Georgi Pirinski, minister of foreign affairs of the Republic of Bulgaria, in Bucharest today. The discussions focused on the stage of bilateral relations and the possibilities to consolidate them, and on ways and means to further involve their two countries in ensuring regional stability and cooperation.

Both sides agreed that the problems in the sphere of infrastructure—that is, roads, highways, railways, energy, communications, and environmental protection—are of primary importance for the development of bilateral relations. In this respect, they examined opportunities for rapidly building new bridges across the Danube, which can facilitate the efficient utilization of the already extant infrastructure. Mr. Melescanu said that interests are slightly at variance in this respect: The Romanian side wants for such bridges to be deployed in the eastern part of the common border—that is in the Giurgiu-Ruse area—while the Bulgarian side is interested in the western variant, near Bechet-Oreahovo.

The sides also agreed to promote contacts at the level of governments and experts in order to develop bilateral relations, our correspondent Iulia Gherman reports.

BNR Wants To Increase Hard Currency Reserves

AU2404131495 Bucharest ADEVARUL in Romanian 21 Apr 95 p 12

[Article by Daniel Oanta: "The Strategic Objective of the BNS Is To Increase Hard Currency Reserves"]

[FBIS Translated Text] "The times of sudden changes caused by reform are over," said BNR [National Bank of Romania] Governor Mugur Isarescu yesterday, while talking about the bank's monetary policy. Isarescu noted that the population's confidence in the national currency has increased. This is proved by the fact that despite the cutting of the interest rate paid by the banks, by the end of the first quarter, the population's savings had increased by 20.2 percent—that is, by 550 billion lei. The strategic objective of Romania's central bank is to increase the hard currency reserves, which it is hoped will amount to approximately $1 billion by the end of this year. Recovering after the setback suffered over the winter, the BNR's hard currency assets on 14 April amounted to $529 million, which is what they were in December, 1994. As a result of domestic production, gold reserves increased from 81.7 to 82.3 metric tons, which is currently the equivalent of more than $1 billion. Over the first quarter, the BNR has paid on time the installments of about $115 million on the country's foreign debt.

As regards the hard currency market that is open to physical persons, the BNR intends to compel all commercial banks to open currency exchange counters for the population, so as to integrate that part of the market as well. Simultaneously, they will also order currency exchange offices operating outside the banking system to increase their company assets to a minimum of 200 million lei. This measure is intended to "cleanse" the currency exchange market and offer an opportunity for the viable exchange offices to act as operators on the currency market within the banking system.

PUNR Officials Said Planning To Remove Funar

AU2404141895 Bucharest EVENIMENTUL ZILEI in Romanian 20 Apr 95 p 5

[Article by Andra Manta: "Gheorghe Funar's 'Removal' Is Being Prepared in the PUNR"]

[FBIS Translated Text] "An agreement has been concluded between PUNR [Romanian National Unity Party] Vice President Ioan Gavra and Senator Viorel Salagean according to which Gheorghe Funar will be removed from his post as head of the party," PUNR Permanent Bureau sources have informed us.

The same sources told us: "Recently, relations between Gavra and Funar have deteriorated alarmingly, and the two have engaged in violent verbal conflicts."

In exchange for the position of vice president and president of the PUNR's Bucharest branch, positions that have remained vacant after the removal of Cornel Brahas, Salagean assured Gavra that he will support Gavra's candidacy for the position of PUNR president, although in a statement made to us last year, he called Gavra "a stupid narrow-minded person."

UDC Adopts Statute, Elects Leadership Bodies

AU2504104595 Bucharest ROMANIA LIBERA in Romanian 21 Apr 95 p 3

[Communique issued by the UDC; place and date not given: "The Christian Democratic Union Has Elected Its New Leadership Bodies"]

[FBIS Translated Text] The meeting of the National Council of the Christian Democratic Union [UDC] took place recently, with the participation of the members of the Executive Committee and the chairmen of county branches and of the Bucharest Municipality sectors.

The proceedings were also attended by, as guests: university professor Dr. Emil Constantinescu, president of the Democratic Convention of Romania [CDR]; Ion Diaconescu, first vice president of the National Christian Democratic Peasant Party [PNTCD]; and leaders or representatives of certain parties and groupings within the CDR or outside it.

The National Council adopted the new UDC statute and program and elected the leadership bodies of the party. The composition of the UDC Executive Committee in April, 1995, is as follows: Mihai Grama, president; Ion Gatlan, general secretary; Cristian Tiberiu-Popescu, vice president;

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Andrei Grosu, vice president; Ioan Cezar Coraci, vice president; Liviu Vasiliu, vice president; Vasile Chirila, vice president; Octavian Matesiu, vice president; Paul Stefanescu, vice president; Ilie Cochintu, member; Adrian Stanescu, member; Horia Roca, member; Constantin Rentea, member; Aurel Feldrihan, member; Lucia Duta, member; Ioana Lipovanu, member; Grigore Dan, member; Ion Dinca, member; Radu Munteanu, member; Mircea Savescu, member; Roxana Cruceru, member.

The Standing Bureau of the UDC Executive Committee consists of the first 11 members of the Executive Committee.

Embassies Complain of SRI Telephone Tapping

AU2404124795 Bucharest ADEVARUL in Romanian 19 Apr 95 p 2

[Article by "R.M.": "Embassies Accuse the SRI of Tapping Their Telephone Conversations"]

[FBIS Translated Text] One of the subjects raised before the parliamentary commission in charge of overviewing SRI [Romanian Intelligence Service] activity was occasioned by the complaints of a number of embassies that, together with the guards of their official buildings, SRI officers are also carrying out the tapping of telephone conversations, according to "the old habits."

Vasile Vacaru, president of the parliamentary commission, told the press that Parliament is discussing the proposal that embassy guards be provided exclusively by the gendarmerie, while the SRI's Antiterrorist Brigade should devote itself to specific missions. Mr. Vacaru has not admitted the accusations voiced by the embassies, but he did showed a willingness to resolve their grievances.

Senator Opposes Single Commission on Intelligence

AU2504105695 Bucharest ADEVARUL in Romanian 19 Apr 95 p 2

[Article by Rodica Ciobanu: "The Romanian Intelligence Service and the Foreign Intelligence Service Should Not Be Under the Same Supervision"]

[FBIS Translated Text] "In a situation where there is only one oversight commission even for just two intelligence services—but with different tasks—a danger might arise from the fact that both intelligence structures will have the same chief, one who controls both of them. Sooner or later, that person will be tempted to lean toward one side or the other, and this will inevitably affect one of the services, which will be dominated by the other. I think nobody wishes to have such a situation."

This was the opinion voiced by PDSR [Social Democracy Party of Romania] Senator Radu Timpofte, president of the Senate's Commission for Defense, Public Order, and National Security. His statement was issued after the members of the commission in charge of overseeing SRI [Romanian Intelligence Service] activity discussed on Monday [17 April], with President Iliescu, the possibility of having the other six intelligence structures in Romania—first and foremost the Foreign Intelligence Service [SIE]—placed under the supervision of that commission.

Today, the Senate's Defense Commission will resume discussions on the draft law regarding the organization and functioning of the SIE. In order for that service to be placed under the supervision of the parliamentary commission on the SRI, the law on Romania's national security as well as the Parliament decision regarding the establishment of the joint commission for overseeing SRI activity—a commission that intends to expand its area of control—have to be changed. "Only the plenum of the two chambers of Parliament is authorized to decide on this issue," said Senator Radu Timpofte, who believes that "a short term, but also a long-term solution" would be the establishment, at the level of the two parliamentary defense commissions, of a joint subcommission in charge of overseeing SIE activity.

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Silajdzic: Britain 'Main Block' in Easing Embargo

AU2404170295 Paris AFP in English 1621 GMT 24 Apr 95

[FBIS Transcribed Text] Sarajevo, April 24 (AFP)—The war in Bosnia would have turned out differently if Margaret Thatcher had stayed in power in Britain, Bosnian Prime Minister Haris Silajdzic said Monday.

Silajdzic said that Thatcher, who was forced to quit office in 1991, six months before the Bosnian war began, "would have made a difference" if she had stayed in office. Since she left office Thatcher has repeatedly criticised British support for the UN arms embargo against Bosnia which the government here says stopped it from being able to defend itself in the early days of the Bosnian war. She has also called for NATO airstrikes against the Bosnian Serbs.

Under Thatcher's successor, John Major, Britain has consistently opposed any lifting of the arms embargo. Speaking to AFP, Silajdzic said that Britain had been doing some things trying to improve its relations with Bosnia-Herzegovina in recent months. But London was "still the main block" in the international community to any easing of the arms embargo and to calls for greater international intervention here, he said. Britain was also influential in that "they obviously have a say in Washington and this is greatly disappointing."

Hague Tribunal To Possibly Prosecute Karadzic

AU2404180695 Paris AFP in English 1749 GMT 24 Apr 95

[By Peter Cunliffe-Jones]

[FBIS Transcribed Excerpt] Sarajevo, April 24 (AFP)—Bosnian Prime Minister Haris Silajdzic said Monday [24 April] his government will cooperate fully with an international tribunal's efforts to gather war-crimes evidence against Bosnian Serb leaders, but the United Nations expressed concern at the move's impact on a failing peace effort.

"Yes, I think that we will cooperate 100 percent with the tribunal in The Hague," Silajdzic told AFP. The head of the UN-mandated International War Crimes Tribunal, South African Judge Richard Goldstone, said in a statement in The Hague that he was examining the possibility of prosecuting the separatist Serb leader Radovan Karadzic and his military chief, General Ratko Mladic. That announcement came as Dusko Tadic, a Bosnian Serb charged with war crimes at Omarska prison camp in northwestern Bosnia, had been transferred from Germany to The Hague to be tried for complicity in genocide.

Speaking in his private office Monday, Silajdzic said that the government would fullfil its duty to cooperate with the UN court's prosecution of those responsible for what he called genocide in the Bosnian war. "I don't think we have the right" not to, he said.

From April 1992 and in the early months of the Bosnian war, during which some 200,000 people have died, "there was a very public genocide. An organised attempt to destroy the Bosnians and the state of Bosnia." Bringing those responsible to justice is "the minimum we can do for those who died not knowing why, for the young girls who were raped, for the old people humiliated and tortured... It is our duty," he said. "What went and goes on in Bosnia is the big disgrace and shame of Europe. This is a big stain on the international community. Regardless of the peace process, we owe this to those raped and killed. The tribunal is one small way to try and correct," the international community's wrongs in letting this happen, he said. [passage omitted]

Bosnian President Alija Izetbegovic said later in an official statement that he welcomed the news from The Hague, saying it was "a sign of somewhat late justice but still justice. It has been three years since the (Serb nationalist) chetniks' crimes in Bosnia started but still justice finally appears."

Bosnia has been asked to hand over running of the prosecutions and "I think that we will fulfil that request," he said. Nina Winquist, spokeswoman for the International Committee of the Red Cross, said earlier that because of the importance of maintaining its neutrality in war-zones, the organisation would "not participate in providing the tribunal any information. This has been explained to the three parties" in the war, she said.

"The ICRC's work among prisoners is based on confidentiality and also neutrality without which the ICRC would quickly find itself unable to carry out its mandate."

Meanwhile, the Bosnian Serb leadership maintained a stony silence on the question of the charges. As of 7:30 PM (1730 GMT) the separatist Serb leadership had given no official reaction.

Izetbegovic Welcomes Tribunal

AU2404202095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 24 Apr 95

[FBIS Translated Text] Asked to comment on today's news from The Hague, President Alija Izetbegovic said the following:

I welcome today's news from The Hague as a [word indistinct] of somewhat belated justice, but justice nevertheless. They say that justice is [words indistinct]. Today's report from The Hague confirms both, perhaps the former more. A full three years have passed since the start of the chetnik crimes in Bosnia, but justice is finally [word indistinct]. It was obviously most difficult to make the first step, but later, things go more quickly and efficiently. I believe in that, as the roll call has begun, as the saying has it, from the head and not from the tail.

We do not accept today's announcement and that what should follow as an act of [word indistinct]. What is

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involved is much more important, something that has been known as crime. As long as the world exists, the issue of crime and punishment will be a fundamental moral issue and, I would put it, a question with a [word indistinct] significance. [words indistinct] moral order. Only a just punishment can remove that deficiency and restore the ordinary man's trust in the international order and values that were once considered generally accepted and generally respected.

The announcement by Prosecutor Goldstone asks us to stop our investigation against Karadzic, Mladic, and others, so that the conditions can be met for the The Hague International Tribunal for War Crimes to take this investigation on itself. I think that we are going to meet this request, Izetbegovic said.

Delic Reports to General Staff on Military Status

AU2404195695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 24 Apr 95

[FBIS Translated Text] (?Within) an analysis of (?two-month) activity, the [word indistinct] part of the General Staff met. In the introductory part of the session, Army General Rasim Delic, commander of the General Staff, reported on the current military-political situation, particularly stressing the Serb aggressor's lack of readiness to respect the signed agreement on cessation of hostilities.

From (?2 January) 1995 until this day, [word indistinct] aggressor (?systematically) carried out combat operations in the Bihac zone. They are shelling the protected zone every day [words indistinct] Sarajevo is taking worrying proportions. The [word indistinct] of the agreement about the roads for bringing humanitarian aid are also not being respected. Within the last month, one could notice everyday provocations and increased offensive combat activities on the entire Bosnia-Herzegovina front. There is the justifiedly posed question of the role and (?consistency) of the international community and the UNPROFOR [UN Protection Force] in the entire present situation [words indistinct] leadership of the Republic of Bosnia-Herzegovina to extend the truce, Gen. Delic stressed.

During the session, a thorough analysis was made of [words indistinct] problems that appeared during the [word indistinct] and transformation of the Army of the Republic of Bosnia-Herzegovina. The General Staff commander was also informed by his closest assistants about the situation and the existing problems in some spheres of work of the General Staff of the Republic of Bosnia-Herzegovina.

At the end of today's session, Gen. Delic [word indistinct] the role of the General Staff in [word indistinct] of the combat readiness of units and commands of the Army of the Republic of Bosnia-Herzegovina, the Press Center of the Army of the Republic of Bosnia-Herzegovina reports.

SDA, HDZ: Federation Assembly To Meet

AU2404205695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 24 Apr 95

[FBIS Translated Text] The delegations of the Party of Democratic Action [SDA] and the Croatian Democratic Community [HDZ] lead by the parties' deputy chairmen, Ejup Ganic and Tomislav Obrdalj, met in Sarajevo today with a view to giving new and positive (?impulses) to the [word indistinct] of establishing the Federation and removing barriers to the implementation of the Bonn Agreement. The SDA and the HDZ once again stressed that there is no alternative to the Federation and that both peoples' interests are incorporated in constituting it in compliance with the principles of the Constitution.

Both parties hail the decision of all parliamentary parties in Bosnia-Herzegovina for the constituent session of the Federation to be held in Novi Travnik, about which, as HDZ representatives stressed once again, there is [words indistinct]. The date of the assembly will be coordinated with other parliamentary parties and, according to the views of the SDA and the HDZ, the assembly should meet on 2 May at the earliest.

Both the SDA and the HDZ expressed satisfaction with the new positive trends in creating transitional municipal councils in conformity with the Constitution of the Federation and expressed their readiness to extend their support to the continuation of these processes. Agreement has also been reached that the media should also be introduced into the process of implementing the Federation and should make a positive contribution to it through their activities. [word indistinct] difficulties that the media are facing on the territory of the Federation, the SDA and the HDZ will exert maximum efforts with a view to adequate material and other support being given to the members of the Fourth Estate. In this respect, a need was stressed for having firmer links within the media system on the territory of the Federation, something that both parties' leaderships will pay significant attention to in the coming talks. The Radio and Television of Bosnia-Herzegovina will be particularly emphasized as [words indistinct] both the international subjectivity of Bosnia-Herzegovina and the main integrator of these processes.

Abdic To Use 'Experience' To Bring Peace

AU2404195395 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 24 Apr 95

[Statement by Fikret Abdic, breakaway leader of Western Bosnia, made "recently" in the Cazin Krajina—recorded]

[FBIS Translated Excerpt] [Announcer] Our crew recently visited the Cazin Krajina. Our correspondent took the opportunity to talk to Fikret Abdic, president of the previous Autonomous Province of Western Bosnia [APZB] and now the Republic of Western Bosnia. Here

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is what Abdic said about how the fourth republic in the former Bosnia-Herzegovina came into being.

[Abdic] The political situation in Western Bosnia is always viewed and assessed mainly through the idea of proclaiming the Republic of Western Bosnia as if this were a new idea or a new commitment when what we actually have is an old idea, a normal continuity that has followed the course of all our activities from the very start to the proclamation of the Republic of Western Bosnia. [passage omitted]

Although we had our citizens' support for proclaiming the republic, we opted for the APZB because we knew that our choice would meet with Izetbegovic's resistance and that of his henchmen and they have the final word in Sarajevo's policies. Wishing to avoid verbal clashes—we never counted on armed clashes—we accepted a lesser form of independence, that is autonomy, in order to secure a basic framework within which we could negotiate with both Croats and Serbs and establish lasting peace—a separate one initially—and later, to use our experience to help bring peace throughout Bosnia-Herzegovina.

As you know, we proclaimed autonomy and got an armed response. We defended the idea with arms. After being exiled and returning on 16 November, we decided to fight our way back, as there seemed to be no other way, and we entered a real war. Since we are at war with the rest of Bosnia now, there is no sense in our being an autonomous province of this remaining part of Bosnia because we see the union of Bosnia-Herzegovina republics as being the only realistic solution, with four, rather than three, constituent units. In any case, our decision to proclaim a republic has continuity and legitimacy that stems from the citizens' support. We moreover know that the union of Bosnia-Herzegovina republics—that is, the Republic of Western Bosnia—is a reality that must be taken into account as the only legal and constitutional form that can satisfy these people, particularly the troops who are valorously fighting for this idea.

We have excellent relations with the Bosnian Serbs—that is, we have a declaration signed by the Srpska republic and by us on 22 October 1993. We have no new documents, but both sides are thoroughly committed to the declaration and that is the legal document on which our good relations are based. We can use this as a basis to also establish good relations with the remaining parts of Bosnia if the current regime shows an interest in it.

UN Officials Detect Split Among Serbs

AU2504120895 Paris AFP in English 1154 GMT 25 Apr 95

[Report by Peter Cunliffe-Jones]

[FBIS Transcribed Excerpt] Sarajevo, April 25 (AFP)—UN officials said Tuesday [25 April] they could see signs of a split emerging between the separatist Bosnian Serb political and military leaderships over what Washington has called the Serbs' unacceptable closure of Sarajevo Airport. [passage omitted]

Seeming, however, to suggest that there could still be room to apply pressure on the Serbs, UN officials here suggested that the leadership itself might be split on how far to push the world body on the airport issue. [passage omitted]

UN Protection Force spokesman Alexander Ivanko pointed out Tuesday that it was Nikola Koljevic, one of the two Bosnian Serb "vice-presidents" and a close ally of Serb leader Radovan Karadzic who agreed to the UN flying in the civilian delegation last Friday. It was the Serb liaison officer at the airfield, reporting to his military bosses, who "went nuclear" when he saw the delegation of one German and three US diplomats walking off a UN plane, a UN official said last week.

"It is now the Bosnian Serbs and specifically the Bosnian Serb military which allows UN aircraft to fly in or revoke security guarantees which mean they cannot fly," Ivanko said Tuesday. "It seems that the Bosnian Serb military doesn't agree with the way (the civilian) Professor Koljevic is dealing with the issue."

Ivanko added: "Of course if is difficult to know if this is them playing good cop, bad cop, or if this is a serious rift between the Bosnian Serb military and political leadership."

The Bosnian Serb leaders at a closed-door meeting at Sanksi Most in northwest Bosnia earlier this month were reported squabbling over who to blame for recent military losses and openly questioning strategic decisions. According to the few details that emerged from the meeting, Serb military chief General Ratko Mladic, known as a hardliner, was vigorously attacked over the losses including that of a communications tower in Bosnian Government military offensives in the northeast and centre of the country.

Mladic apparently rejected the blame and said his forces, strung out along a near 2,000-kilometre (1,200-mile) horseshoe-shaped frontline, were being hamstrung by the diversion of scarce fuel and manpower resources by civilian politicians. The UN has meanwhile organised meetings with a reactivated airport Working Group Wednesday and Thursday, at which it hopes to discuss and "clarify" the 1992 agreement under which it operates the airport.

The UN faces steady criticism here that it is too feeble in negotiating with rather than dictating to the Serbs over who can and cannot use the facility. The discussions, Ivanko said, "will not be renegotiations, but clarification."

Serb Morale 'Extremely Low' at Brcko Front

AU2504091095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 25 Apr 95

[Report by Hamid Deronjic and Nihad Salihovic]

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[FBIS Translated Excerpt] The [Serbian] aggressor continued attacking the free Brcko territory with all available means until late in the night. [words indistinct] shelling of civilian targets with tanks, howitzers, mortars, and multiple rocket launchers followed a series of unsuccessful attempts to breach our lines with tanks and infantry between Vranovaca and Bodariste, and the central part of the Brcko defenses. Another chetnik tank was destroyed on the Brcko front yesterday, the second since the beginning of the aggressor's offensive.

Although the aggressor brought in more fresh troops last night, the morale of the chetniks is extremely low owing to their enormous casualties. According to our information, the chetnik officers are literally forcing the Serbs with pistols in their hand to go into fatal assaults in the northern corridor. [passage omitted]

The joint forces of the Army of the Republic of Bosnia-Herzegovina and the Croatian Defense Council are efficiently controlling all the lines of defense and stand prepared to respond fiercely [words indistinct] chetnik attack at any time.

Prsa Named New HVO Commander for Bihac

95BA0218A Split SLOBODNA DALMACIJA in Serbo-Croatian 25 Mar 95 p 9

[Article by S. H.: "Ivan Prsa, the New HVO Commander"]

[FBIS Translated Text] Bihac—Ivan Prsa of Bihac, a lieutenant colonel in the former JNA [Yugoslav People's Army] is the new HVO [Croatian Defense Council] commander for the Bihac region. That appointment occurred after the still unexplained disappearance of the former Bihac region HVO commander, Major General Vlado Santic. The appointment was made with the concurrence of the Bosnia-Herzegovina HVO's Main Staff.

The officer appointed to that duty left the former JNA in May 1992 and since then he has participated actively in the struggle against the Serbian aggressor. Before assuming the duty of Bihac HVO commander, Ivan Prsa, an educated officer, made his biggest contribution to the struggle against the Serbian aggressor as a member of the Bihac Territorial Defense, an officer in the Air Force Group, and as an employee of the Bihac Security Service Center, as a member of the 5th Corps, and then as a Bihac HVO officer.

Fuel Smuggled From UNPA Zone to Banja Luka

95BA0221B Split BIH EKSKLUZIV in Serbo-Croatian 7 Apr 95 p 3

[Article by Elmer Ruzic: "Banja Luka: Life in the Dark, City of Hatred and Smuggling"]

[FBIS Translated Text] Even though the Banja Luka police and military authorities have by order of the fascists in Pale stopped any kind of communication with the outside world (strict control of mail arriving through Caritas, disconnection of the telephones of all Bosnian Muslims and Croats throughout Bosanska Krajina, and also the bugging of telephones of "all questionable Serbs" in Banja Luka), a bit of news nevertheless gets through from the city on the Vrbas where human life is so cheap. BIH EKSKLUZIV is able to publish excerpts from a letter which our staff member Elmer Ruzic managed to receive from Banja Luka from a fellow journalist (whose name we are not publishing to keep him safe) who still, in spite of all the abuse of Bosnian Muslims and Croats, as well as "questionable Serbs," is in this city that was once a beauty of Bosanska Krajina and is now a city of horror and terror and a breeding place for evil.

"I am happy to speak a language which is prohibited here, but believe me, neither before nor now was I very literate, so forgive me departures from the 1961 orthography. IT IS CHAOS. I might even add the adjective GREAT. I cannot describe it to you. I thought that when my song was heard, everyone would sing with me, but....There are only unhappy people here....HELL. But I believe that this will also pass. The city stinks. Like a can....

"As far as I am concerned: I guard the night from those who are awake.... There are fewer and fewer people I know. I would readily buy a ticket to the United States if I had the money, but....I try to do a bit of work, but it is no good. Believe me, I fully understand where you are and what has happened to you and yours, but continue on regardless of all the troubles that arise. YOU HAVE THE OPPORTUNITY TO CHOOSE. It is indescribable here, so that whatever I write you tells you nothing," reads the letter to our staff member from his fellow journalist, a full-blooded native of Banja Luka.

The most recent scant information from Banja Luka indicates the conflict between the evildoers in Bosnia-Herzegovina, the leader in Pale, Radovan Karadzic, and the leader of Krajina, Radoslav Brdjanin, has deepened still more. Brdjanin (himself a source of atrocities against the unfortunate population in Bosanska Krajina), with the help of his followers (who represent a substantial number) brought together in the newly established Serbian People's Party [SNS], is attempting to parry and dull the blade of the authority which the dictator in Pale has in Bosanska Krajina with stories about thievery and the fascistoid so-called Serbian republic. It will certainly be interesting to see the end of this unique political leader in the phantom creation in Pale, but the end of the duel between Karadzic and Brdjanin will have to wait along with the idea and the procedure initiated by the Banja Luka authorities to change the name of the city on the Vrbas.

And while the conflict between the two criminals continues in Bosanska Krajina and the "slaughtered city" (the ugly name now given to Banja Luka by more

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sensible natives), life is getting harder and harder. Industry died out long ago, stores are empty, and the food that arrives as humanitarian aid is not enough for survival, so that organized smuggling flourishes on a large scale. People go in great numbers on "shopping trips" to Hungary as well as to the well-known flea market in Subotica. This big business, the smuggling, that is, is mainly done by the women ("because their husbands are preoccupied with obligations on the battlefield"), and a special regular bus line from Banja Luka has even been organized for all that.

During the sanctions, however, there has been no problem with gasoline, because that problem has been "effectively solved" by the opening of the Zagreb-Lipovac limited-access highway, that is, by the economic agreement between the Croatia's authorities and the rebellious Serbs on its territory. Gasoline, which is a scarce commodity, is furnished by the Serbs in Bosanska Gradiska and Okucani, who, with no problems at all and no restrictions on quantities of fuel, obtain it at the Sloven gasoline station not far from Nova Gradiska, which is under control of Croatian authorities. Ninety German pfennigs, the price of a liter of gasoline at that station, are cleverly turned by the Bosanska Gradiska smugglers into 3.5 German marks [DM], which is the price of gasoline for their "brothers in Banja Luka and the Serbian Krajina."

UN Envoy Akashi To Return to Sarajevo, Pale

AU2404180595 Paris AFP in English 1705 GMT 24 Apr 95

[FBIS Transcribed Text] Zagreb, April 24 (AFP)—United Nations special envoy Yasushi Akashi will return to Sarajevo next weekend in a fresh attempt to salvage the cease-fire agreement between Bosnian and Serbs due to expire at the end of the month.

Akashi "will return to Sarajevo and Pale this weekend to ask the two sides in the Bosnian conflict to agree to extend the cease-fire for four months," said the UN. The UN special envoy travelled to Sarajevo last week, but both sides have so far proved inbending.

Bosnian Serb leader Radovan Karadzic late Sunday dimissed as "incapable" and "nonexistent" the international "Contact Group" on Bosnia, and raised tensions further by threatening to take Sarajevo by force if the Bosnian government did not agree to a political solution. Like the Bosnian Government, the Serbs over the weekend rejected international appeals for a renewal of the expiring, and in practice much disregarded truce.

"We don't accept a cessation of hostilities while Croats and Moslems are getting more and more arms," he said.

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RSK Rejects Change in Name of UN Mandate

LD2404160095 Belgrade TANJUG Domestic Service in Serbo-Croatian 1513 GMT 24 Apr 95

[FBIS Translated Text] Knin, 24 Apr (TANJUG)—The Supreme Defense Council of the republic of Serb Krajina [RSK] considered the implementation of the UN mandate on the Krajina territory at its expanded session today.

A statement issued from the session says that Krajina agrees to the peacekeeping forces' continuing presence based on the previous mandate, including sections on their role in implementing the agreements on cease-fire and economic relations between the RSK and Croatia. But the RSK "sees the change in the name of the hitherto UN mandate as prejudging a political solution" between Knin and Zagreb.

This, the statement stresses, goes against the spirit of the UN mission, which is unacceptable to the RSK. For this reason, the statement adds "Krajina cannot accept UN insignia and names which contain or hint at the word Croatia."

Having expressed its support for the international community and UN efforts to establish a lasting peace and to find a just solution to the crisis in former Yugoslavia through negotiations, the Krajina Supreme Defense Council session voices once more its disagreement with points of UN Security Council Resolution 981 which "treat Krajina as a part of Croatia."

The RSK rejects these points, the statement concludes, and goes on to express Knin's readiness to cooperate with the United Nations in a search for a just solution to the crisis in former Yugoslavia on the basis of the principles of "impartiality and equal respect for the sovereign rights of the Serb nation and the RSK."

Serb Krajina Reopens Zagreb-Belgrade Highway

LD2504090595 Belgrade TANJUG in English 0846 GMT 25 Apr 95

[FBIS Transcribed Text] Okucani, April 25 (TANJUG)—After a one-day suspension, Serb Krajina authorities on Tuesday [25 April] reopened for traffic a section of the Zagreb-Belgrade Highway running through western Slavonija.

The Krajina authorities on Monday closed the highway to protest against its being used only by Croatia and as a means of pressure and blackmail on the republic of Serb Krajina, which the latter said was not in the spirit of the economic agreement with Croatia.

The Zagreb-Belgrade Highway was closed for traffic in 1991, when Croatia launched its war of secession from the former Yugoslavia. Croatia and the republic of Serb Krajina agreed in late 1994 to reopen a section of the highway running through western Slavonija.

Serb Fuel-Trafficking on Zagreb-Lipovac Highway

AU2404162495 Split SLOBODNA DALMACIJA in Serbo-Croatian 21 Apr 95 p 7

[Article by Robert Jurkic: "Fuel for Karadzic Is Travelling Along Croatian Roads"]

[FBIS Translated Excerpt] In the past few months, since the reopening of the Zagreb-Lipovac Highway, several things have become clear. While the Croatian citizens from the free parts mainly travel on the highway with their own cars—bus routes to Zagreb have also been established—the Serbs from the occupied areas do not travel anywhere near as much. Only an occasional car with "Krajina" registration plates can be seen on the highway. What is significantly noticeable, however, is a large number of freight vehicles, usually travelling in convoys of several vehicles or individually. The Serbs are therefore using the road for mainly freight. These trucks are usually moving from the occupied territories in the east toward those in the west. A report on a convoy of as many as 90 trucks waiting on the Serbian-Croatian border recently drew everyone's attention. The convoy consisted of trucks among which there were about 50 fuel tankers. They did not want to cross the border while the international observers monitoring the implementation of sanctions against the "FRY [Federal Republic of Yugoslavia]" were there, UN spokesman Chris Gunnes said in Zagreb. In contrast to the earlier practice, when the observers went away for a deserved sleep at the nightfall, they are now also working during the night. Their presence was a sufficient reason for the trucks to wait, "as they did not want to be seen" violating the embargo, Gunnes said. [passage omitted]

What Does the Police Report State?

According to the reports of the Lipovac border police, the Vukovar-Srijem police department, which are sent daily to the Ministry of Internal Affairs in Zagreb, 700,000 liters of fuel were transported in the trucks with the "Krajina" registration plates in week alone, between 11 and 18 March of this year. This was mainly diesel fuel and some gasoline, plus some natural gas that was not even included in that figure. All this fuel crossed the Croatian border monitored [nadzirati] by the border police at the time when SAM, which is the name of the international observers controlling [kontrola] the sanctions, used to go to sleep in the night. The Croatian police let them through, but not of their own will and not to their satisfaction....

Serbs Had Their "Plans Spoiled"

The reports further state that between 11 and 18 March, 28 trucks carrying 463,240 liters of D2 (diesel fuel), 120,650 liters of MB95 gasoline, 117,671 liters of MB86 gasoline, and 4,500 liters of butane gas came out of Sector East.

One can easily conclude from this that 701,561 liters of fuel, excluding butane gas, were transported in one day

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alone. "Regarding river ships and individuals, none of them returned to Sector East," the police report states. One must also point out that during this week, the traffic was not particularly heavy. Some of the subsequent weeks were much richer in terms of oil derivatives. The record was registered at the beginning of this month, when 1 million liters of fuel were transported over only several days, during the night, of course.

In Okucani, there is a kind of gathering center for trucks, which are then sent to their destination.

It is clear that the fuel from the occupied Croat territories is also sent to the Serbs in Bosnia who need fuel for moving their heavy weapons. Even the thought of fuel travelling on Croatian roads to Karadzic is horrifying. [passage omitted]

Assembly Speaker on Russia Visit, Reintegration

AU2404181195 Zagreb VECERNJI LIST in Serbo-Croatian 24 Apr 95 p 5

[Interview with Assembly Speaker Nedjeljko Mihanovic by Zdenko Duka; place and date not given: "The New Rules of Procedure Will Resolve Doubts"]

[FBIS Translated Excerpt] Nedjeljko Mihanovic, speaker of the Croatian Assembly [Sabor], visited two world powers last month. His absence from the country even led to a minor parliamentary crisis. We asked him about that and about Sabor events in May.

[Duka] You recently visited Russia. What would you say is the biggest accomplishment of the visit?

[Mihanovic] We had a total of six meetings with Russian leaders from the 11 to the 13 of this month. Mr. Ivan Rybkin, president of the Russian Federation's state Duma, gave us a very cordial reception; we talked for over an hour. We also spoke with Yuriy Baturin, the Russian president's national security adviser. None of them denied Croatia's right to full sovereignty, the observance of internally recognized borders. We reminded them of the borders with which Croatia in 1918 joined the former Kingdom of Serbs, Croats, and Slovenes. At the time, Croatia had already paid a high price in terms of territory for this unfortunate union. We are now firmly established on AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] borders, and the Russians are not disputing this. They stressed the need for peaceful reintegration of the occupied territories and we—the president of the republic, the Sabor, and the government—agree with this type of reintegration. However, this cannot go on indefinitely. Over 300,000 Croats and non-Serbs have been expelled from the occupied areas. I cannot say that this was not taken into consideration in talks. I said that, in terms of the size of the population, it would be as if Russia had 25 million refugees. Would they tolerate that? One hundred and fifty thousand Serbs living in two districts—Knin and Glina—are insisting on some kind of phantom state within a state.

Cooperation Has Its Limits

[Duka] Have you criticized certain Russian stances regarding the region of the former Yugoslavia, the occupied territories in Croatia and Bosnia?

[Mihanovic] I reiterated in talks that we did not come to Moscow to spoil relations between Russia and Serbia. We wanted the Russians to understand that they need to pressure Milosevic to accept a realistic logic instead of the logic of aggression, guns, and tanks; to withdraw Serbian military forces from the occupied Croatian territories, and to begin normal, diplomatic negotiations. The new states must recognize each other within their internationally recognized borders. Once things have been diplomatically regulated and once the refugees have returned to the occupied areas, Croatia will be in favor of lifting sanctions for Serbia.

If, however, the sanctions are unconditionally lifted, this will be fatal and unproductive for the political solution of war problems. This will be a favor to Milosevic and the Serbian aggressive policy. It is doubtful that Russia is only playing on the Serbian card in the region. I believe that it would be logical for it to play on both the Croatian and Serbian cards and to help both Serbia and Croatia by applying pressure to Serbia. It is clear that lasting peace based on economic development and prosperity would suit both countries.

We stressed our will to cooperate, but we also stressed that cooperation has its limits. They also took into account the pressure that the refugees are applying on Croatian authorities regarding their return. We also stressed lasting historical ties between Croatia and Russia dating back to the 17th century. There has not been a single Russian classic since the era of Romanticism that has not been translated into Croatian. Croatia desires lasting good relations with Russia as one of the superpowers.

Both Britain and France wish to keep Serbia as a sphere of interest. Once the present problems are solved, Serbia will, at some point, be faced with the challenge of redefining its foreign and domestic policy in terms of moving toward Europe—and it will have to move toward Europe—it is clear that it will play more on the British and French card. It might even turn its back on Russia. That is why it would be logical for Russia not to play solely on the Serbian card. [passage omitted]

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Prime Minister on Talks in Spain, Budget

AU2404184595 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 24 Apr 95

[Article by Zvone Zorko on news conference by Prime Minister Janez Drnovsek in Ljubljana on 24 April—recorded]

[FBIS Translated Text] [Zorko] At the news conference held this morning, Prime Minister Dr. Janez Drnovsek assessed his recent visit in Spain very positively as, as he put it, Spain promised comprehensive support for Slovenia joining the European Union.

[Drnovsek] In Spain, I met all the most significant leaders; Prime Minister Gonzalez, Foreign Minister Solana, King Juan Carlos, and others. Significant factors that create a joint impression of these talks are that Slovenia is being recognized as not only a part of Central Europe, but also as a part of West Europe; that Slovenia's economic results in recent times are considered to be really spectacular; that the economic exchange between Spain and Slovenia has begun to develop extremely quickly; and that there is considerable interest, as well as the economic interest, in relations in the future.

Spain has been very reserved regarding the possibility of Central and East European states joining the EU. This is why the stand that we heard in Madrid is very significant.

[Zorko] According to Dr. Drnovsek, the coming month will be marked with important foreign political activity: The Hungarian, Portuguese, and Austrian prime ministers will visit Slovenia, and Drnovsek himself will visit Zagreb for talks with Croatian Prime Minister Nikica Valentic. It is still not completely clear if any agreements will be signed in Zagreb and, if so, what agreements they would be. In any case, there are still the open questions regarding the Ljubljana Bank and the issue of the borders. Regarding these issues, during these talks, the stands will be examined once again and hopefully a step forward will be made.

Regarding domestic political issues, correspondents particularly wanted to know how it is that, in the budget debate, ministers are demanding more money for their ministries than was agreed.

[Drnovsek] Ministers wanted more money for their ministries and the ministries' activity although the government adopted a stance regarding the budget to the effect that ministers are obliged to implement, that is, to respect the government decisions. After I asked them, they explicitly agreed to that at the government session and said that they will act constructively and respect the government decisions.

Drnovsek: Peaceful Solution in B-H Very Hard

BR2504111795 Madrid EL MUNDO in Spanish 24 Apr 95 p 23

[Interview with Prime Minister Janez Drnovsek by Marian Hens; place and date not given: "Peace Plans Are Unsuccessful"]

[FBIS Translated Text] Four years after seceding from the former Yugoslav federation, Slovenia is advancing along a path of prosperity while the neighboring republics of Croatia and Bosnia remain torn by war. Slovenian Prime Minister Janez Drnovsek hopes that the EU will accept it as a partner.

[Hens] Croatia's and Bosnia's attempts to secede have plunged those republics into a bloody war, but Slovenia secured its independence with a week's fighting against the Federal Army. How did it achieve it?

[Drnovsek] In the first place, Slovenian society is very homogeneous. The percentage of Serbs on our territory was not very high, and we did not form part of the ambitions for a Greater Serbia. The EU's participation in the negotiations on our independence also helped us find a peaceful way.

[Hens] However, the EU has shown itself rather ineffective in the remainder of the former Yugoslavia.

[Drnovsek] Yes, it has failed. If it had intervened militarily at the start of the conflict, I believe that it would have succeeded in containing it, but now, after all those massacres and ethnic cleansings, it is very difficult to persuade the population to accept a peaceful solution. The debate currently centers on whether or not to keep the Blue Helmets in the area. But I believe that the international community can do very little now. Now the resolution of the conflict depends more than ever on its protagonists—Serbia and Bosnia.

[Hens] How do you believe the problem will develop?

[Drnovsek] I am not very optimistic. I would like to believe that the situation will gradually change toward greater stability, but it is not apparent that the peace plans will have any success in Bosnia. Serbs, Muslims, and Bosnians are preparing for new confrontations rather than for peace. The situation in the Krajina enclave is somewhat better. The Croatian Government has opted for a peaceful course which I hope the Serbs will accept.

[Hens] Did the search for independence in Slovenia respond to a strong nationalist feeling?

[Drnovsek] With the outbreak of the conflict in Bosnia and Croatia, there was a danger that a polarization of the Slovenian population and a radicalization of nationalism would occur, but the Slovenian coalition government succeeded in avoiding this danger, because we would have found ourselves involved in a spiral of violence which would have moved us away from Europe. Slovenia wished to form part of an open Europe, geared to the market economy. The Serb authorities did not observe the rules of the game of a federal state, and so Slovenia opted for the EU model. We have already expressed readiness to relinquish part of our sovereignty in the Union's favor.

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List of Counterclaims Presented to Italy

95BA0219A Maribor VECER in Slovene 31 Mar 95 p 5

[Article by Peter Zerjavic: "Zoran Thaler: The Slovenes' Damages Are Larger"]

[FBIS Translated Text] Slovenia has sent Italy a list of confiscated Slovene property; the dossier contains approximately 20 real estate properties, important to Slovenes across the border both in terms of property and symbolically; little possibility of an honorable retreat for both sides.

Foreign Minister Zoran Thaler said at yesterday's press conference of Liberal Democracy of Slovenia [LDS] that Slovenia had sent Italy a list of approximately 20 major real estate properties abroad that had been confiscated from Slovenes between the wars. We thus, according to Thaler, presented a mirror to Italy's demands for the restoration of property to Italian exiles. "It is the principle of real estate for real estate," Thaler said.

Thaler described the Italians' initial reaction to the "Slovene dossier" as one of surprise. The Slovene negotiators expect a response soon. Thaler thought that the Italians were in a dilemma over what to do.

In his opinion, all sorts of things have been left too late in relations with Italy, and that is why there are fewer and fewer possibilities for an honorable retreat for both sides. As the reason for the delay, Thaler cited the Slovene side's inappropriate response to the Italian demands for real estate, since in the past three years we have linked them with the problems of the Slovene minority. Thaler thought that we were thereby comparing apples and oranges.

The youngest Slovene minister said, among other things, that the Italian public and also the negotiators were very unfamiliar with the culprits and the crimes committed against Slovenes during the period of fascism. Consequently, in the future Slovenia, through systematic media activity, will try to inform the Italian and European public that historically the Slovenes suffered the greater damages. In his opinion, the side issue of the Italian exiles' real estate is also the focus of the Italians' attention.

It also does not seem logical to Thaler that the other side expects gestures of good will from Slovenia after Slovenia has already received the green light for negotiations with the EU. "Rome expects that Slovenia will voluntarily give away what it has not given up even in the face of force," Thaler said. As successes in the bilateral negotiations, he cited Italy's present opinion that the Osimo accords are not problematic, the fact that the Italians will soon state the number of an account to which Slovenia will be able to forward its obligations from the Rome agreement, and the fact that the negotiations with Croatia on the division of those obligations are being completed.

Regarding the establishment of closer relations with the EU, Thaler said that Slovenia had to ensure its future through associate membership as well, because a cooperation agreement that only benefits one partner, Slovenia, cannot be in effect indefinitely. In Thaler's opinion, Slovenia's first place in THE ECONOMIST's ranking of newly democratic countries' economic prospects is proof that we, among the former socialist countries, have the most possibilities for full EU membership.

[Box, p 5]

The dossier includes real estate that is important to Slovenes abroad both as property and symbolically. Among others, it includes the National House in Trieste, the commercial house in Gorizia (both buildings were designed by Maks Fabiani), the headquarters of the Adriatic Bank in Trieste, the headquarters of the Trieste Savings and Loan....

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Federal

Ambassador to UN Denies Sending Arms to Serbs

LD2504103195 Belgrade TANJUG in English 0953 GMT 25 Apr 95

[FBIS Transcribed Text] New York, April 25 (TANJUG)—Yugoslav Ambassador to the U.N. Dragomir Djokic has denied Croatian allegations that Yugoslavia is sending arms to Bosnian and Krajina Serbs.

In a letter sent on Monday to current U.N. Security Council President Karel Kovanda, Djokic said that, as a rule, Croatia resorted to such fabrications every time important international decisions or Security Council resolutions were about to be passed. Djokic denied allegations from Croatian Foreign Minister Mate Granic's letter of April 13 and said Croatia in this way wanted to distract attention from its regular army's involvement in the Bosnian war, constant provocations in the U.N. Protected Area (UNPA) and violations of the U.N. arms embargo.

In late March, U.N. representatives in the former Yugoslavia more than once denied Croatia's accusations that Yugoslavia's troops and tanks were crossing to the UNPA sector east in the republic of Serb Krajina territory. Djokic said Croatia had been massing troops also in the demilitarized zone on the U.N.-controlled Adriatic promontory of Prevlaka with a view to drawing Yugoslavia into the war. He said Croatia's latest allegations, fabricated before the suspension of the sanctions against Yugoslavia was to be extended, aimed to discredit Yugoslavia's peace policy and effect a U.N. refusal to extend the suspension of the sanctions.

On the other hand, Croatia has had troops in Bosnia since the outbreak of the war, with its 7 brigades, totalling 11,000 men, 30 tanks, 20 armoured personnel carriers and 40 artillery pieces, currently taking part in an offensive against Bosnian Serbs, Djokic said. He said Croatia on a regular basis also supplied troops to Bosnian Croat forces.

Djokic said the Yugoslav Government again categorically denied all absurd claims contained in Granic's letter about Yugoslavia transporting military materiel across its border.

Poll Reveals Optimism of Businessmen

95BA0213D Belgrade POLITIKA in Serbo-Croatian 30 Mar 95 p 13

[Article by R. Nikolic: "Growing Optimism of Businessmen"]

[FBIS Translated Text] An improved business climate, an increase in the public's purchasing power, greater demand on the domestic market, higher output, and the milder rise of prices than in the previous period—these are the main assessments of the most recent test of market conditions done by IZIT [Market Research Institute] in 200 Yugoslav firms between mid-February and mid-March.

"In February the total money volume of paid wages and salaries amounted to 1.1 billion dinars, according to figures of the Settlement Agency, which is 11 percent more than in January and represents an indication of the higher purchasing power of the public. There is no doubt that these trends have stimulated demand, and there has been an increase in the inflow of domestic orders. Sales in the trade sector are up 6 percent in February over the previous month; however, there are also a number of difficulties in the economy," said Tomislav Milisavljevic, M.A., who heads the sector for business conditions in IZIT, at yesterday's press conference.

The problems certainly include the increased illiquidity, thus on 28 February, for example, 552 million dinars of unmet obligations of firms were recorded. The survey also showed that 65 percent of the respondent firms did not in mid-March have sufficient raw materials to operate, and there was also an increase in the percentage of firms which had down time because of the shortage of raw materials and production supplies.

Tax burdens are the dominant problem the businessmen pointed to in this survey. For every dinar paid out in wages and salaries, they have to give the state 1.6 dinars in taxes and contributions. That is an immense burden, especially in view of the difficult conditions for doing business, which do not allow the economy to operate at full capacity.

That is why business people do not understand how the state can turn a deaf ear to the constant warning being continuously issued about this heavy burden.

This time the IZIT test of market conditions offered an innovation on the basis of figures of the Settlement Agency. That is, total money earnings of the population in the first two months of this year amounted to 2.6 billion dinars, while total personal expenditures amounted to 2.2 billion dinars. When these two figures are compared, Milisavljevic commented, it turns out that earnings were about 20 percent higher than expenditures, which means that there are 441 million dinars that we can assume are outside the channels of settlement and are either being stored (as savings at home) or are circulating through the "gray economy." It is, therefore, high time that the measures to combat the "gray economy" be accompanied by some effort to stimulate personal savings in banks.

As for the expectations of business people over the next three to six months, the conclusion can be drawn that optimism prevails. That is, about 70 percent of those surveyed expect a growth of production over the next six months. But inflationary expectations are also on the rise. Higher prices in coming months are expected by 17 percent of the respondents, while only two percent expect a drop. The business people give as their main

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reason that all prices in the chain of reproduction have not been rolled back and that the prices of raw materials continue to be high.

Serbia

Prime Minister Reports on Government Work

95BA0213G Belgrade VECERNJE NOVOSTI in Serbo-Croatian 30 Mar 95 p 2

[Unattributed article: "A Stable Course Has Been Plotted"]

[FBIS Translated Text] "We can proudly say that we have behind us a watershed year in which we have halted the adverse trends of several years, achieved favorable results in economic activity and the standard of living of the population, and opened up prospects for the country's permanent economic recovery.

"Thanks to its entire activity, the government has met the goals and discharged the obligations it set itself at the beginning of its mandate and which were accepted by the National Assembly."

This is what Prime Minister Mirko Marjanovic said at the beginning of his report on the first anniversary of the government of Serbia to the delegates of the Serbian Assembly yesterday. Marjanovic then went on to state the goals and obligations on which it has insisted and which the government has met and fulfilled:

- It worked persistently for a policy of peace and a just solution for the Serbian people in the RS [Srpska republic] and RSK [Serbian republic Krajina].
- It resolutely carried out the program for reconstruction of the monetary system and the country's economic recovery, above all the policy of sound money and a balanced budget.
- It strongly affirmed the principles of democratic rule and also the action of the law-governed state in defense of the basic institutions of the constitutional order.

A Year Without Inflation

Standing firmly on market positions, the National Unity government has been able to turn around the adverse trends and create an atmosphere in which positive results have been achieved in all domains for the first time in several years. There was no inflation in 1994, and the social product grew by 6.2 percent. Real earnings increased elevenfold, and pensions more than eightfold. The share of public expenditure in the social product decreased, and while the budget deficit was entirely eliminated, more than 200,000 workers on mandatory leave found jobs, and notable results were also achieved in the sectors of health, education, science, culture, and athletics, in spite of the modest financial capabilities.

Effective functioning of the legal system has also been guaranteed, the government administration has been optimized, important assistance has been given to the numerous refugees in Serbia and to the Serbs in the RSK and RS, and under these very complicated conditions the security of the republic and its citizens has also been increased.

"All these results were achieved without any financial support whatsoever from abroad and under the conditions of very severe economic sanctions. The entire world recognizes our success in this," Marjanovic said.

The prime minister of Serbia then spoke in more detail about the results in the business sector last year (which NOVOSTI wrote about at greater length when the government report reached the Assembly), and he then said:

"Some people are afraid that after 31 March the economy could move in the direction of more drastic nationalization or administrative regulation. I have said this many times already, but I will repeat it: The National Unity government will insist exclusively on market-oriented measures of economic policy."

The policy that will be conducted, Marjanovic added, will include conditions for conducting economic activity that are clear and are well known over a lengthy period of time: The growth of the money supply will be sufficient for growth of the social product and production, budget discipline will be respected at all levels, the policy of a stable exchange rate of the dinar will continue to be pursued, and maximum support will be given to exports and the inflow of foreign exchange, while at the same time there will be selective limitation of imports, and prices of products and services will be set freely except in the public sector and in the markedly monopolistic sectors.

It is important to emphasize that the government, according to Marjanovic, will favor an interest rate policy on the part of the banks that does not burden borrowers with usurious rates, especially when those loans are made on the basis of state deposits in the commercial banks, and it will also favor the free formation of wages and salaries, except that they are to be paid exclusively out of real sources, that is, from paid sales, care being taken that wages and salaries do not become a generator of inflation.

The Market Model

It is the government's intention to continue with the market model of economic activity, which last year facilitated an important change of direction toward economic stability, increased production, and a rise in the standard of living.

"Our greatest commitment at present is to preserving the stability of prices, combating monopolistic behavior, legalizing the gray economy, activating the social welfare program, guaranteeing primary agricultural production, and stimulating economic growth and development," Marjanovic said, and then he spoke at greater length about each of these sectors.

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Marjanovic recalled all the things the government has done in the sector of prices, putting particular emphasis on the stance of resolutely preventing speculative and monopolistic behavior. A proposal was made to the federal government that it regulate this subject matter on the unified Yugoslav market, and measures were recently adopted to combat the gray economy.

"Our proposal is to legalize the gray economy with a number of incentives and at the same time to make every form of illegal business operation unattractive because of the heavier penalties," Marjanovic said.

The beginning of more profound reforms of the pension system and health insurance has also been envisaged, above all by finding supplemental and stable sources of financing. The entire 1995 budget, not including funds, amounts to 4.9 billion, and obligations to pay pensions amount to 3.9 billion. This clearly indicates to what extent the real capabilities of the economy to support pensions habe been exceeded. That is why the government provided additional sources the other day—an increase in the rate of the federal turnover tax, excise taxes, increases in various rates for PTT services, and a special tax on tobacco. This should help toward prompter payment of pensions.

Maintaining the growth of production, in the assessment of the Serbian prime minister, is our overriding task. This year's plan calls for a more than seven percent increase in the social product, a nine percent rise for industrial output, and a 3- to 4-percent increase for agricultural output. Only in this way is it possible to achieve a further growth of earnings and the standard of living.

Real Sources

Financing primary agricultural production will be continued with funds from real sources. We have transferred all deposits of the state to the commercial banks, and in this way a sizable credit potential of about 250 million dinars is created without interest. Some of the funds for the planting will also be furnished from repaid loans and also by reducing budget expenditures, Marjanovic added.

The revival of production in industry will also be financed in a noninflationary way: by earmarking funds from state deposits for production and from a portion of repaid loans. I emphasize, Marjanovic added, that the government will be very decisive in preventing use for other than the stated purpose of funds from state deposits which we have relinquished to the commercial banks without interest.

In concluding his report, Serbian Prime Minister Mirko Marjanovic said:

"The government is fully aware of the complicated situation that arises on the one hand from the international blockade and on the other from the need for a turn to be made toward a modern market economy, an open democratic society, and the greatest possible social justice. The government has already taken the first step in that direction. We have decided to continue the socioeconomic changes that have been initiated, convinced that with further specific results we will open up new prospects for Serbia's successful development in all areas."

[Box, p 2]

Higher Wages and Salaries

An agreement has been reached with the trade unions and Chamber of Commerce, with consent of Governor Avramovic, to discontinue the Decree Restricting the Rise of Wages and Salaries on 1 April. It has also been agreed that as part of the nine percent envisaged growth of production this year, total wages and salaries in the second quarter may not exceed 4.2 percent of the level of earnings in the first three months of 1995, and this must be exclusively on the basis of a growth of production, Marjanovic said.

In accordance with an instruction of the NBJ [National Bank of Yugoslavia], the commercial banks will not approve loans to those enterprises which have not abided by the agreed policy in the sector of wages and salaries.

The level of the guaranteed wage in the second quarter will increase from 90 to 100 dinars.

[Box, p 2]

Electric Power

The government has committed Elektroprivrede [Electric Power Industry] of Serbia to organizing the repair of power plants in good time. In order to ensure more regular supply of power to customers, Elektroprivrede is also to guarantee the potential in storage reservoirs, to improve the organization of work and business operation, and to propose a change in the conditions and manner of limiting consumption. Agreement was also reached on an adjustment of rates to lessen the discrepancy with other forms of energy.

[Box, p 2]

The Sound Dinar

Along with the federal government, the government of Montenegro, and the National Bank of Yugoslavia, we have committed ourselves clearly to the objectives of economic policy, and in 1995 they will be preserving stable prices and a sound dinar, Marjanovic said. "The growth of economic activity and the rise of the standard of living will be founded on that, as will restructuring of the economy and further construction of the market-oriented economic system."

Severe Penalties for Illegal Currency Dealers

95BA0213E Belgrade POLITIKA in Serbo-Croatian 30 Mar 95 p 9

[Article by Goran Volf: "Five Years in Prison for Trading in Foreign Exchange"]

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[FBIS Translated Text] This past weekend will be remembered as the time in which the new dinar experienced the strongest blow since it was put into circulation and since implementation of the country's program for economic recovery. The exchange rate on the black market is now dropping, but the consequences of this shock, in the form of higher prices of many products, will be difficult to repair. Demands are coming in from many quarters and from official institutions that those responsible for undermining the stability of the domestic currency be finally detected and punished.

A Rigorous Regulation

Dusan Vlatkovic, finance minister in the government of Serbia, has announced the strictest measures against speculators in keeping with the provisions of the Law on Foreign Exchange Transactions. Of course, the speculators first have to be detected. The police are already making arrests, but these are mainly the small currency dealers, and this kind of strong blow could not have been caused by only the small speculators.

The Law on Foreign Exchange Transactions, adopted on 1 March of this year, envisages truly severe penalties for those who violate it. Under that law, foreign exchange is defined as claims abroad denominated in a foreign currency and also actual foreign currency, that is, cash, except for minted gold coins. Foreign exchange is used to make payments abroad unless otherwise specified by that law, and it is sold and purchased on the unified foreign exchange market.

The purchase and sale of foreign exchange is prohibited between domestic individuals, between foreigners, and between foreigners and our citizens in Yugoslavia outside that market. It is also prohibited to make payment and to collect in foreign exchange and to conclude transactions which guarantee that the value of the agreed obligation in new dinars will be calculated on the basis of the price of gold or the exchange rate of the dinar against foreign currencies, unless the law provides otherwise.

Foreign exchange realized under this law must be kept by legal entities or businessmen in their foreign exchange account in an authorized bank or sold to the bank, and payments in doing business with foreign countries must be made through a bank.

The single exchange rate of the new dinar applies to all financial and other economic transactions with foreign countries as well as to the purchase and sale of foreign exchange in the country. Whoever fails to respect these provisions of the law has committed a crime and is subject to imprisonment.

A prison sentence of not less than six months and not more than five years awaits a perpetrator for payment or collection in foreign exchange and gold contrary to the provisions of that law. It is clear that many business people and entrepreneurs could run afoul of this punitive provision, as could those, for instance, who sell their dwelling for foreign exchange.

A still more severe penalty is laid down for dealers in foreign exchange and also those who sell their foreign exchange from "the mattress." Anyone who buys or sells foreign exchange in an amount greater than $1,000 or organizes a network of dealers and intermediaries is subject to a prison sentence of not less than one and not more than five years.

Incarceration of no less than three months and no more than three years follows for failure to honor the official exchange rate of the dinar, but our prisons are not big enough to hold all the people who did that last weekend. The foreign exchange involved in the crime is also confiscated. This applies to all those who do not use the single exchange rate of the new dinar in financial and other economic transactions or in buying and selling convertible currencies.

Confiscation of Foreign Exchange

There has also been quite a bit said in the past about concealed hoards of foreign exchange in enterprises and other legal entities. If something like that is discovered, the person responsible in the firm or the businessman who is not keeping foreign currency in a foreign exchange account in an authorized bank may get a prison sentence of not less than three months and not more than three years. And the foreign exchange that is found will be confiscated.

If a responsible person in an enterprise or other legal entity or a businessman obstructs the competent authorities from conducting foreign exchange inspection and examining business books and documentation, he is subject to a penalty of up to three years in prison for committing a felony.

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